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Are opportunities created by micro-entrepreneurs in response to other people?

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A dissertation submitted in partial fulfilment of the regulations of MRes

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### Abstract

The proposition that entrepreneurial opportunity follows rather than precedes entrepreneurial action is hard to grasp but nonetheless has been a proposition central to entrepreneurship theory since Sarasvathy first described effectuation as a behavioural style of expert entrepreneurs at the turn of the millennium. In a first attempt to trace opportunity as it developed through entrepreneurial action, opportunity was traced through changes in entrepreneurial activity in a micro-enterprise with an intent of relating changes to social triggers. In a multi-method reconstruction of the timeline of a micro-enterprise, changes in entrepreneurial activity that are plausibly consistent with changes in opportunity were surprisingly easy to see but people were barely mentioned. Changes were also not remembered when asked directly even when having been described moments before. To separate the possibility that entrepreneurial experience was buffering the enterprise from disruptive change, the study was re-run with a less experienced entrepreneur. Once again, changes in entrepreneurial activity were easy to discern and this time many people were mentioned. But changes were again not remembered when asked directly and people were not associated with changes. Bringing the results of the two case studies together suggested that distinctive changes in entrepreneurial activity occur irregularly but around twice a year and changes are prompted endogenously rather than exogenously by direct feedback from people. It seemed almost as if changes occur when the potential of a plan of action drops below a comfortable level and entrepreneurs are encouraged to return to illuminating the means-ends in a situation to expand their horizons. To place this thinking in the context of Sarasvathy's original work, the dissertation concludes by returning to the first principles of pragmatism and what it means to bring the future into the present.

*Keywords:* Entrepreneurship, opportunity creation, process theory, pragmatism,  
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## Introduction

“ . . . an entire unexplored terrain of possibilities lies dormant in the area of how entrepreneurs transform bits and pieces of current realities into valuable new opportunities through productive interaction with others.” (Sarasvathy and Venkataraman, 2011, p. 126 in *Method*).

In the development of entrepreneurship as a formal discipline of scholarship, Sarasvathy (2001) observed in her doctoral research under Herbert Simon at Carnegie Mellon that expert entrepreneurs<sup>1</sup> did not use rational models taught to business students in Business Schools. Introducing the term *effectuation* to describe what she observed and linking back her observations to American pragmatism, Sarasvathy's (2001) observation was profound in that opportunity is treated as an outcome rather than a precursor of entrepreneurship (see Table 1 in Sarasvathy, 2001).

Around the same time in these early stages of the discipline, Venkataraman (1997) had framed entrepreneurship as the *individual-opportunity nexus*. Though effectuation has been increasingly established as a behaviour recognized as associated with entrepreneurship (Daniel et al., 2015), the term *opportunity creation* only rose to prominence within research on the institutional work of entrepreneurship (Alvarez et al., 2015; Alvarez and Barney, 2007, 2010, 2013). By contrasting opportunity creation with a widely prevalent assumption of *opportunity discovery*, the writing of Alvarez and Barney reinforced the conceptual possibilities

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<sup>1</sup> Sarasvathy's original work was conducted within the well-known expert-novice paradigm (Chase and Simon, 1973b, 1973a)

that opportunity might either precede entrepreneurship or be an outcome of entrepreneurship.

The quotation from Sarasvathy and Venkataraman (2011) presented above is simply phrased and almost conceals the underlying proposition that opportunity follows rather than precedes entrepreneurial activity. Writing on effectuation as a Method relevant to many situations beyond entrepreneurship, the difference between their notion of opportunity creation and the use of the term in the later institutional work of Alvarez and Barney is also not immediately obvious. Sarasvathy's notion of effectuation describes a process in which opportunity is not known to the entrepreneur at the outset. Sarasvathy is also not describing a process of learning that ends with finding a desirable institutional recipe. Sarasvathy's speculation is that opportunity is created and comes into being as an outcome of entrepreneurial activity. It follows that the goal is to present opportunity in non-entitative terms in which it changes in-and-of-itself. But as even longitudinal studies are rare in entrepreneurship research (McMullen and Dimov, 2013), it not surprising that it is difficult to find process studies which present empirical evidence of change in the phenomenon of interest in this case being opportunity. The challenge therefore is to work out how to do such a study and preferably simply.

Sarasvathy and Venkataraman's (2011) usage of the phrase 'Effectuation as a Method' concept also focuses on the interface at the micro-level of analysis of entrepreneurial action in indeterminate situations. This is a quintessential American Pragmatic interpretation that is not prominent in the wider entrepreneurship literature or where it is discussed, cast in empirical terms (see e.g., Watson, 2013a).

As opportunity creation is a demanding idea and we will gain from case studies of concrete examples, the aims in this dissertation are to

1. Cast the concept of opportunity creation against a backdrop of the wider the literature;
2. Outline pragmatic and process theories (Chiles et al., 2017; Langley, 1999; Langley et al., 2013; Mohr, 1982; Van de Ven and Poole, 1995) and develop their implications for empirical research in case studies of start-ups;
3. Design a study using first principles where necessary to meet gaps in the literature;
4. Test the design;
5. And ask two empirical questions derived from Sarasvathy and Venkataraman's (2011) quotation.

The empirical questions probe Sarasvathy and Venkataraman's (2011) tacit assertion that opportunities change during a start-up, i.e., there is more than one opportunity that is brought about by entrepreneurial activity, and the more explicitly stated assertion that the changes in the opportunity are triggered by other people. The two overall research questions will be specified more closely after designing the study.

The studies will make three contributions. The first contribution is the minimal contribution of making case studies available to other scholars for work in entrepreneurship and for a historical archive. The second contribution is the test of a methodological protocol to be able to think about opportunity creation more concretely. The third contribution is to answer the empirical questions and through those answers reflect on this unfamiliar formulation of opportunity creation.

## **Literature Review**

### **The purpose of the literature review**

The purpose of the literature review is to cast the quotation from Sarasvathy and Venkataraman (2011) in context of the literature so that it is possible to move forward to unpacking the statement in theoretical and methodological terms and to design a simple empirical study. As indicated earlier, though entrepreneurship might be an old phenomenon, entrepreneurship is relatively new as an academic discipline and a seminal article by Venkataraman (1997) is attributed with marking its birth and establishing opportunity as the key organizing idea (Selden and Fletcher, 2015a, 2015b). Distinctions about the form of opportunity only rose to prominence a decade later though largely through the impetus of institutional work by Alvarez and colleagues (Alvarez et al., 2015; Alvarez and Barney, 2007, 2013). To illustrate the key difference between their institutional studies of entrepreneurship and the bulk of the empirical work in entrepreneurship, they emphasized a contrast between *opportunity creation* and *opportunity discovery*. It is helpful to distinguish the paradigmatic structure conveyed by these terms and then to further distinguish their use of opportunity creation from Sarasvathy's early use.

### **Opportunity discovery**

The term entrepreneurship is attributed to an 18<sup>th</sup> century economist, Richard Cantillon and is used by contemporary economists, Schumpeter, Kirzner and Hayek (McMullen and Shepherd, 2006) as a logical device to explain economic change. The foundation of the discipline of entrepreneurship is attributed to Shane and Venkataraman (Shane and Venkataraman, 2000) in an article referred to in the literature as "The Promise".



Following Venkataraman (1997), Shane and Venkataraman (2000) posited that opportunity is the central concept in entrepreneurship and moreover, consistently with economists' postulation of entrepreneurship, that opportunity arises largely through economic and other macro forces. That is, opportunity is exogenous to entrepreneurship. Within this formulation, the research question that follows is why some people spot or discover entrepreneurial opportunities and others do not. This question has come to be known as the individual-opportunity nexus (Shane, 2003).

The implications of this formulation may be surprising. Often phrased incorrectly as a process (Chiles et al., 2017), the question of why some people discover entrepreneurial opportunities and others do not is essentially a question of individual differences psychology. Frese and Gielnik (2014) provide a useful compendium of the many permanent or hard-to-change characteristics such as achievement motivation and social capital that have been studied and the strength of their effects (p. 415).

Attending to more malleable characteristics and over time, Michael Frese and his colleagues have researched principles of action over several decades of extensive fieldwork on entrepreneurial action (e.g., Frese, 2000; Rauch and Frese, 2000; Frese and Gielnik, 2014; Frese et al., 2014). Frese and his colleagues have successfully demonstrated in a large longitudinal randomised control study that training students in basic business skills and the principles of planning as action (rather than as a cognitive, pencil-and-paper exercise) increased the rate of start-ups (Gielnik et al., 2015). As hypothesized, planning actions led to frequency of actions and frequency of actions was the proximal predictor of start-ups. Though longitudinal and showing changes in entrepreneurs' strengths relative to each other, this work nonetheless remains about opportunity discovery not opportunity creation.

### **Opportunity creation as institutional work**

The earliest work on opportunity creation literature is attributed to Alvarez and her colleagues (Alvarez et al., 2015, 2016; Alvarez and Barney, 2007, 2010, 2013)<sup>2</sup>. Challenging the notion that opportunities are exogenous to the entrepreneur, Alvarez et al. consider situations where economic disequilibrium has its origins, not in the ‘invisible hand’ of the markets, but in the deliberate actions of entrepreneurs. To understand their impact in wider literature, it is helpful to apply a taxonomy introduced by Suddaby et al. (2015).

Introducing a Special Issue on qualitative methodologies on entrepreneurship, Suddaby et al. (2015) draw out four axes: environment, timing, epistemology, and level of analysis. It is on the axes of environment and timing that the opportunity creation literature is in clear contrast to the opportunity discovery approach in that it regards the environment as malleable and defines the timing of opportunity not as an antecedent of entrepreneurship but as an outcome of a long process. It is on the last axis though of level of analysis that we see a contrast between the work of Alvarez et al. (Alvarez et al., 2015, 2016; Alvarez & Barney, 2007, 2010, 2013) and the earlier notion of opportunity creation introduced by Sarasvathy (2001). Alvarez et al. lay out a model of how entrepreneurs act to create opportunity (e.g., Alvarez and Barney, 2010) but, in their work such as their documentation of co-creation in the crab industry (Alvarez et al., 2015), the focus of their work is at the institutional level. Sarasvathy works at the level of the individual or single enterprise.

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<sup>2</sup> Crediting Alvarez may surprise people familiar with Sarasvathy’s work as she had used the term earlier. It is important to note though that Sarasvathy’s work emerged from the cognitive psychology work on expertise and it is Alvarez’s use of the term that highlighted the assumption of what has come to be known as the ‘opportunity discovery’ literature.

The last of the axes introduced by Suddaby et al. (2015), epistemology, provides a further lens to understanding the variation in designs in entrepreneurship research and the specific focus of Sarasvathy's (2001) work. Using the Special Issue (Bruton et al., 2015) as a sample of contemporary qualitative work, we see an interesting pattern that of nine studies, six were focused on individuals and three on institutions. But, of the six focused on individuals, five assumed that opportunity was exogenous to the individual, for example, in Mathias et al.'s (2015) study of imprinting. That is, they were working within opportunity discovery. So though opportunity discovery lends itself to quantitative studies of variance-theoretic work, qualitative studies are also possible. The key point is that qualitative does not necessarily mean a study is constructive in the sense that opportunity is created and that opportunity is created does not mean the work is conducted at the individual level. This is an important pattern to grasp when trying to isolate studies that inform the present project of understanding opportunity creation.

In summary, the contribution of Alvarez et al. has been twofold. They have documented 'institutional work' of entrepreneurs. They also brought into focus the perhaps unintended consequence of using entrepreneurship as a logical device to explain economic change. When we describe why some people seize upon opportunities and others do not, our models tend to seek their characteristics and circumstances that are relatively fixed and we cast the entrepreneurs as relatively un-agentic. Seeking possibilities for understanding entrepreneurship at the individual level of analysis or in plain language, from the perspective and experiences of entrepreneurs who are also creating opportunity, I will turn now to focusing more specifically on Sarasvathy's (2001) model of entrepreneurship.

**Opportunity creation in Sarasvathy's work**

Sarasvathy's (1998, 2001) concept of effectuation is not necessarily inimical to institutional level change but is focused on entrepreneur's actions rather than on institutional consequences. Startling when first read, we sense both its profound contribution and that it is not easily studied empirically with common designs. Tracing its genesis helps to identify the points that need to be understood to distinguish from other approaches and to anchor an empirical contribution.

Sarasvathy (1998, 2001) conducted her initial empirical work as a doctoral student in Herbert Simon's lab. In studies intended to compare the behaviours of expert and novice entrepreneurs, Sarasvathy observed that experts not only exhibited the hallmarks of experts say in attending to underlying principles rather than superficial details (e.g., Larkin et al., 1980), they seemed to attend to principles that were quite different from those taught to students, i.e., forms of rational thinking. Sarasvathy went to great pains to compare the visible behaviours of the two groups dubbing the behaviours associated with rational thinking and novices as causation and the behaviours of experts as effectual. I will return to these labels as they are important but continue to outline the historical development of work in this area.

Though compelling and cogent, empirical evidence on effectuation was slow to amass. The amount of attention to effectuation in the literature has been disputed (Arend et al., 2015, 2016; Dew et al., 2016; Read et al., 2016) but there is now enough for the concept to be well accepted (Gregoire and Cherchem, 2017; Perry et al., 2012; Read et al., 2009) and even rendered in questionnaires (Chandler et al., 2007, 2011). It is widely accepted that novices also use effectuation (e.g., Daniel et al., 2015) and that entrepreneurial teams use effectual and causative styles of thinking at different times, effectual reasoning being associated with times of

broadening and causative thinking in times of narrowing (Reymen et al., 2015).

Recent work has been usefully longitudinal but convoluted in that it is focused on behavioural styles rather than opportunity. Approaching the problem the other way around from philosophy to empirical phenomenon has also been limited.

The debate in *Academy of Management Review* (Arend et al., 2015, 2016; Dew et al., 2016; Read et al., 2016) raised the profile of both the process and pragmatic nature of entrepreneurship that has been proposed through the vehicle of effectuation. Other writings such as Watson (Spedale and Watson, 2014a; Watson, 2013b, 2013a) and Chiles (Chiles et al., 2017; Gupta et al., 2016) explicate the issue of pragmatism and process theory generally but do not report an empirical study. The challenge in this study is to work from first principles to the study in hand.

### **Summary**

To summarize what has been traced so far, the central concept in entrepreneurship as a discipline is opportunity (Sarasvathy, 1997, 2000). The predominate approach assumes opportunity pre-exists an entrepreneurial endeavour and attends to the question of who discovers and pursues an opportunity and who does not (McMullen and Dimov, 2013). This is a variance-theoretic approach that is pursued even in rare longitudinal studies (e.g., Gielnik et al., 2015) and in many qualitative studies (see Bruton et al., 2015). There is a smaller body of work in which opportunity is construed as being created but it is created as an outcome of institutional work (Alvarez and Barney, 2007, 2010, 2013; Alvarez et al., 2015, 2016). There is a sense that opportunity can be created though there is also an intention, in a sense, to halt opportunity creation by stabilising a recipe. Paradigmatically, this is a quite different notion from the opportunity creation posed by Sarasvathy and quite different from the pragmatic foundations of her work

(Sarasvathy, 2001). The very words used by Sarasvathy to label the two behavioural styles, causative and effectual, signal the departure from ontologies and epistemologies that pursue representation toward epistemologies of action as she stated very clearly in the first paragraph of Sarasvathy (2001).

Following the original and essential definitions of effectuation, the task here is to define opportunity that comes into being following entrepreneurship as the phenomenon and the actions that bring it onto being are pragmatic. The next chapter will explore both notions as methodology before turning in later chapters to empirical work and the final choices of methods and analysis.

### **Process Theory and American Pragmatism**

Sarasvathy and Venkataraman's (2011, p. 126) challenge in *Method* presented in the Introduction is phrased so plainly that its underlying premises and research question are not immediately evident. Despite being regarded as among the founders of the discipline of entrepreneurship, within the discipline of entrepreneurship their concerns are in a minority camp exploring entrepreneurship as opportunity creation rather than opportunity discovery, and opportunity creation at the level of the individual and not the institution (see Alvarez et al., 2015; Alvarez and Barney, 2010; for examples of the full debate). While often lamented that the theory in entrepreneurship is not specific to entrepreneurship, effectual behaviour first noted by Sarasvathy (1998, 2001) and now accepted as characteristic of entrepreneurs (Gregoire and Cherchem, 2017; Daniel et al., 2015; Sarasvathy, 2001) is presented by Sarasvathy and Venkataraman in *Method* as applicable to a broad swathe of practical situations pointing to its underlying foundations in process theory and American Pragmatism. Process theory and American Pragmatism are both relevant as process theory allows an American Pragmatic model to be formulated over time and American Pragmatism informs a process theory of action. In the interests of designing a simple empirical study of entrepreneurship that will trace opportunity changing over time, and then explore what prompts those changes, this chapter explores process theory and pragmatism more fully.

#### **Process theory**

Process theory was authoritatively presented by Mohr (1982) with the two most memorable examples being the transmission of malaria and the garbage can model of decision-making (Cohen et al., 1972). Mohr (1982) introduced process theory by comparison with variance-theoretical theory. Within Management

specifically, process theory has been unpacked by Langley (Langley, 1999; Langley et al., 2013) and within entrepreneurship by McMullen and Dimov (2013). Langley (1999, p. 696) provides a very useful list of research designs of which we immediately see the relevance of temporal bracketing (Langley, 2010) and alternate template strategies (e.g., Bitektine, 2008). McMullen and Dimov compare in detail, the difference between the often advocated but rarely used process theory with the commonly used variance theory (Van de Ven and Engleman, 2004). Practically and concretely, there are three points to consider when designing a process study: firstly, the essential differences between variance vs process theories; secondly, that process theory is non-entitative or put concretely, the entity changes in-and-of-itself; and thirdly, that sequence matters.

**Methodological markers of variance and process theory.** The term process is used in the literature in a variety of ways that do not relate to process theory (Van de Ven and Engleman, 2004). When process is used to signify changes in the order of a caterpillar becoming a butterfly, say, the design is often proximal (McMullen and Dimov, 2013). Distal designs that provide for change over time are so rare that McMullen and Dimov (2013) were able to find only one related to entrepreneurship.

The distinguishing feature of a process is a within-case phenomenon over time (McMullen and Dimov, 2013). Practically, data is read “across the page” within the case and not “down the page” or across cases (McMullen and Dimov, 2013). Procedurally, a case is analysed from beginning-to-end without reference to other cases, and I have formulated for myself a discipline of starting, finishing, and writing up a case before beginning another so that the case is understood as a whole and I do not lapse into cross-sectional thinking of taking averages.



It is also important not to conflate the distinction between variance theory and process-theoretic formulations with a quantitative and qualitative divide. A qualitative study can be a variance study as we saw in a recent special issue on qualitative work on entrepreneurship (Bruton et al., 2015). The markers of variance studies are that reliabilities are reported, or the study relies upon NVivo, or that the numbers of participants and volumes of data are regarded as important. Reliability is based on a notion of “true” measurement that relies on the notion of a static world that can be observed (see Lord and Novick, 1968). NVivo is fundamentally a set of spreadsheets that organize data to compare cases “down the page”. Sample sizes refer to the possibility of generalizing from a sample to a population. Volumes of data refer to domain sampling and repetition to average out error in observations (see Lord and Novick, 1968 for a full theoretical explanation). Interest in whether two researchers get the same results is variance-theory in that ontologically, an entity is presumed to be stable and epistemologically, the question is whether the observation of the entity is representative. In short, the quantitative / qualitative distinction is a distraction from the task of studying non-entitative phenomena with process theory.

Modern longitudinal studies can be harder to distinguish from process theory because they clearly are taking place over time and they report complex interactional effects (see Gielnik et al., 2015 for an example). A return to the concepts of “necessary and sufficient conditions” helps to conceive the distinction between contemporary variance theory and process theory (see McMullen and Dimov, 2013) and it is useful in any case to revisit these notions as their meanings are counter-intuitive. Sufficient refers to any factor that contributes to the final outcome even if we do not measure the factor. That is, a sufficient cause comprises part of 100% of the cause of an outcome of interest, i.e., not all of it. Hence the expression “variance

explained” (see Frese and Gielnik, 2014 for usage). Necessary means that a factor contributed to the outcome in a particular instance *and* without its presence, any preceding contributions would have made no contribution (McMullen and Dimov, 2013). Any variance study done formally with statistics, and most qualitative studies that are attempting to generalize even though in an exploratory manner, are unlikely to be process studies. While these markers help us inspect studies labelled as process, given process studies are rare, it is helpful to look more closely at the defining features in positive rather comparative terms to guide the design of a process study.

**Non-entitative.** The second feature of process theory foundational to the design of an empirical study is that processes are non-entitative conceptualized minimally as the entity changing in-and-of itself. In Mohr’s (1982) malaria model, the concrete manifestation of malaria is a previously healthy person developing a high fever, i.e., an instance of the relevant parasite moving from an infected person to a healthy person and that healthy person being transformed into a an acutely ill patient. In the garbage can model (Cohen et al., 1972), the decision to endorse a solution with a problem allows the solution to change from a bid for resources into a project for which the group has committed support. It is this explanatory form that is attempted by process theory.

A common prompt for process-theoretic work is that we see a phenomenon of some kind (e.g., a person with high fever) from which we work backwards to find out “what is was before”. The commonly-used metaphor of a murder story starts with the “dead body” (McMullen and Dimov, 2013). We do know the corpse was once a live-body and we attempt to work out the key events and particularly the exogenous force that led to its now-changed form. This is a quite a different notion

of change to say a child growing. Height is a characteristic of the child and is one variable characteristic of a specific entity. The marks on a household wall with age and height are two characteristics of the same child. Process theory looks more at phenomenon such as “baby teeth” and “adult teeth”. Studies presented solely verbally might conceal this distinction.

Heidegger (D’Agnese, 2018) being perhaps the scholar on whom most qualitative scholars base their work even if they do not expressly say so, provides a way to illustrate the ontological premise of an unchanging entity. Heideggerian reasoning is interested in an “essence” (D’Agnese, 2018). To take a commonly used sporting example, there is a difference between a ball being caught in the outfield and an affordance, i.e., how the outfielder moves back-and-forth to detect the trajectory and move to an optimal position to make a catch (e.g., Fajen et al., 2009). An even older metaphor is the difference between “the river” as marked on a map and the river in the Heraclites’ sense of never being the same (Hernes, 2014). Nonetheless, a river has definitive markers. We might take for example the point before Victoria Falls on the Zambezi river and the point where the water goes over the edge and drops. And then we might have a further point when the Falls become white water before returning to a state that we more commonly regard as a river. While in this dissertation I have used this concrete method of envisaging a process as an entity that changes in-and-of-itself where the change in form is noticeable and where its different forms are governed by different dynamics, the larger distinction is between the underlying research postures. Process theory does not ask the common question of “what is the ontological make up of this entity?”. It begins from “is it useful to have an ontological debate at all because ontological debates all rest on the notion of an entity”?

For the purposes of this dissertation, the challenge is to move toward conceptualizing a changing entity which in this instance is the opportunity that is created. The challenge is to avoid lapsing into frameworks that begin with a sense of a phenomenon being an entity with some fixed form even if it is a growing form. Neo-institutionalism though referring to something that came about is not a study of change as the intent ultimately is to identify stasis, i.e., where an industry settles. Interesting and valuable though that it is, opportunity creation as used here deals with business conditions that do not necessarily contradict the stasis of institutionalism but are not predictable from the observations of institutionally-inspired research.

The implications of non-entitative thinking for research purposes is that we only know what something will become and how it got there *after the fact* (see McMullen and Dimov, 2013). Our exploratory work will thus tend to be retrospective and seek cases that manifest the phenomenon of interest rather than take a sample of cases to see which ones later manifest the phenomenon of interest.

**Sequence.** The third key idea in process theory is sequence. Sequence is very clear in the malaria example. Getting bitten by a mosquito is irritating but neither sufficient nor necessary for contracting malaria even if the biting is by the type of mosquito that carries malaria (Mohr, 1982). The specific mosquito that does the biting needs to have bitten someone who is infected with the relevant parasite. If the healthy person is bitten first, then malaria is not transmitted. When we relate sequencing to research methods, it becomes obvious that an interviewing style that captures the views of participants out of sequence is inadequate for process-theoretic work unless accompanied by additional layers of data collection and analysis. Further, in exploratory work, sequence without context is inadequate as the context

is what actors in the situation are referring to as they make their own choices. An exploratory study also requires a liberal collection of data to afford the possibility of surprise (Alvesson and Kärreman, 2007).

The implications for early process studies such as that being considered here is that the information should be collected in a form that allows for the reconstruction of the timeline to notice sequence and with enough contextual information to allow the challenge of any of our preconceptions.

**Summary.** The three key ideas of reading “across *the* case” rather than “across the *cases*”, conceptualizing entities as changing-in-and-of themselves, and respecting sequence distinguishes this work from others and lays the bare bones of a research design. I need now to operationalize what I want to observe in the context of the quotation from Sarasvathy and Venkataraman (2011) for which I will look at Pragmatism more deeply.

### **Pragmatism**

Pragmatic theory is not represented on the schematic, one dimensional conception of ontology and epistemology that is presented in introductory textbooks (see e.g., Easterby-Smith et al., 2008) and often found in scholarly literature though recent work alludes to pragmatism within a broad group of intersubjectivity (Cunliffe, 2011). The import of this representation is that pragmatism is not recognized as it fails to conform with the assumption that the world of ideas is one dimensional and all paradigms are variants of each other over a limited set of characteristics. There is enormous irony, of course, as a classificatory system intended to promote non-variance thought uses a variance logic to do it. In this section, my goal is to bring out features of pragmatism not within this restricted taxonomic system but in a form in which we can attend to pragmatic precepts within

its own logic. To achieve this goal, I will briefly describe the positions of well-known pragmatists.

**Peirce.** American Pragmatism clearly has American roots and emerged out of philosophical responses to European writing such as that emerged in the work of Saussure (Emirbayer, 1997; Rosiek, 2013). Peirce resisted the reduction to linguistic indexation and asserted the primary indexation of the world is material (Rosiek, 2013). Peirce is probably better known for introducing the core pragmatic precept that the only useful knowledge is knowledge that makes a difference (e.g., Farjoun et al., 2015).

In this sense of primary indexation, there is commonality with the material turn and the work of contemporary theorists such as Latour and action-network theory and a notion of a ‘flat ontology’ (Latour, 2005), i.e., pragmatism is not a multi-level framework implied by critical realism (Ramoglou and Tsang, 2016) or a micro-strategy view that implies upward causation (Felin et al., 2015).

**James.** William James is better known as one of the first professors of psychology at Harvard (Taylor, 1991) and his extension of Peirce’s pragmatism to emotional well-being, seemingly in response to his own personal history and thoughts of suicide (James, 1895). James’ interest in our sense of belief in the world is seen in contemporary work such as Bandura’s concept of self-efficacy (Bandura, 1977). We can account for what leads to self-efficacy but self-efficacy is a curious belief: “I can do this specific task”. Self-efficacy is very similar to the Pygmalion effect (Eden, 2017; Shaw, 2003; Rosenthal and Jacobson, 1968). The range of things we believe in is massively influenced by the expectations of powerful others but while influenced by other factors such as powerful others, the power of others is not the focus in pragmatism. The focus is on present beliefs. While these may have

developed in the past and reflect what we think is possible in the future, the focus in pragmatism on the operation of beliefs in the present.

**Dewey.** The temporal focus of pragmatism becomes clear in John Dewey's work which employs a lens of a situation that is indeterminant and an inquiry that is conducted in action and informs action (Rosiek, 2003; D'Agnese, 2018; Morgan, 2014). Framed as habit, deliberation and action (Morgan, 2014), an idea of interplay between the three should be understood with a focus on time. To extend the notion of self-efficacy, if we have done a task successfully previously, we likely to have self-efficacy (Bandura, 1977). That is, successful experience is in the past, and self-efficacy is in the present. Equally, self-efficacy is not a prediction of task performance. It is not predicting the future but bringing the future into the present in the form of engagement with a task. The focus on the present has implications for both theory and methodology.

Also not particularly evident until pointed out is that if there is an epistemology of action, then action is also situated, social and embodied, a trio more associated with Joas (Sarasvathy et al., 2003) but entirely consistent with the focus of the study on the present.

**Schön.** Of the pragmatists who came later, Schön (1983), influential in education and organizational theory (see e.g., Ramage, 2017), gives us a clear sense of changing circumstances that goes beyond bricolage (e.g., Fisher, 2012). My best example is medical. Overactive thyroids are rare and dangerous conditions but one-of-ten older women have an underactive thyroid requiring daily supplementation of thyroid hormones. By the simple expedient of destroying the rogue thyroid, a rare and dangerous condition is turned into a safe and common condition familiar to general practitioners and with an established pharmaceutical supply chain. The

pragmatic essence of this approach becomes more apparent when we compare it with bricolage.

In bricolage, we make best use of what we have to effect a known goal such as we see in the pencil case made of a crisp packet on my desk. Bricolage in the medical example would be surgically removing part of the thyroid since half-an-overactive thyroid equals a full normally active thyroid. Another form of bricolage in the medical example say would be using common beta blockers to protect the heart from the thyroid's exuberant activity as a holding action while a long-term solution was sought. In the pragmatic response, the nuclear medicine technique of administering a capsule of irradiated iodine and destroying the thyroid completely, *changes the entire situation from one that is difficult to manage to one that is easy to manage. It does not cure the problem; it changes the problem to one that is more manageable with the know-how available to us.* The emphasis is *not on achieving a specific goal but of using known connections between things to generate alternative actions.* At first the distinction is elusive and work in other paradigms may seem similar but the focus is quite different intellectually and the approach to supporting people is quite different. The bricolage examples rest on "you see how easy it is" to achieve a goal that had been blocked, to changing the goal altogether not in the sense of letting-go but in terms of *regaining a sense of control by appreciating how much we know about the many connections between things.* It is this change in focus that Sarasvathy (2001) described so well though she borrowed the term effectuation from James not Dewey or Schön.

**Rorty.** For completeness, we should also refer to Rorty (see Wicks and Freeman, 1998). As a linguist at the peak of his career, Rorty adopted a pragmatist label within linguistic debates and in debates about democracy. He is far more



concerned with language than classical pragmatists who regard the material as the primary index (Elkjaer and Simpson, 2011) and his views are probably related less to this particular project concerning micro-retail activity.

**Ontology and epistemology.** Famously resistant to defining itself, scholarship of pragmatism consistently rejects ontology, i.e., entitative thinking. Pragmatism offers an epistemology of action that is compatible with scholarly work in Management yet is oddly not well known despite early work of say Argyris and Schön (1974). We have few empirical examples to draw on and need to work, in large part, from first principles which is advantageous in a dissertation as it makes the reasoning process clear.

### **Ten principles for operationalizing the general questions**

The general research question in this dissertation is drawn from the quotation from Sarasvathy & Venkataraman (2011) who are two of the most prominent scholars in entrepreneurship. The task here is to operationalize the quotation to research opportunity creation and to organize the field work.

If the nature of opportunity, at least part of the time, is an outcome of entrepreneurship (Sarasvathy, 2001) and not simply the successful implementation of a vision that was known at the outset or presumed to exist at the outset (e.g., see Gielnik et al., 2015), it follows that we want to observe the change in opportunity or in something that is a reasonable proxy of the change. Thus, the *first* task in designing the empirical study is to observe an enterprise in a manner that we discern an opportunity that changes in-and-of itself.

As a corollary to an opportunity not being known at the inception of entrepreneurship, events leading to opportunity are not sufficient (i.e., not predicting the outcome), and we have to know the final outcome before we can look

retrospectively at which events were necessary (McMullen and Dimov, 2013).

Events have no meaning to the final outcome, i.e., opportunity, until they were bridged by later events. It further follows that the study is empirical. The *second* task, then, is to observe that an opportunity has been created so that we can delineate what came before. It is more than likely therefore that we would be engaged in a longitudinal reconstruction.

Further, the focus in Sarasvathy and Venkataraman's (2011) comment is on the actions of the entrepreneur in the context of other people. That focus provides the level of analysis and determines what is the primary focus and what recedes to a secondary focus. We are also looking at the entrepreneur working on a task that will change. The *third* task of the design then is to focus on the single enterprise through the actions of the entrepreneur and that leads us to the next task that is to consider how to observe the actions that take place in a situation that is changing. For that we can turn to Van de Ven and Poole's (1995) taxonomy of change.

Van de Ven and Poole (1995) present a two-by-two guide to models of organizational change that are partially but not completely aligned with the pragmatic bases of Sarasvathy's work. One dimension of their model asks whether we are trying to explain change resulting from interactions between organizations or change within a single organisation. In this dissertation, we were dealing with one organization. The second dimension asks whether change is presumed to follow a known trajectory or not. As the case here is overtly change in one enterprise brought about through the purposeful enactment of the business within its immediate environment but with a trajectory not known in advance, the appropriate lens is the teleological cycle. This being said, Sarasvathy is well known for dismissing a

teleological explanation of entrepreneurial behaviour as causative (Sarasvathy et al., 2003) and I also need to address this apparent contradiction before we move forward.

Sarasvathy's association of teleology with causative rather than effectual thinking refers to situations where the outcome of the entire entrepreneurial journey is known at the outset even in a general form such as a "profitable venture" or "first sale". A teleological cycle has one goal (Miller et al., 1986) and the working rule-of-thumb therefore is one opportunity for one cycle. Even if we allow for making an error or having to pivot when we realise that we have misjudged the market, these circumstances would reflect a causative model. In an effectual style of reasoning, opportunity does not exist at the outset, or rather the final opportunity does not exist at the outset, and therefore is not operating as a goal. With opportunity arising from the entrepreneurial efforts, we then would expect the teleological cycle to change, at least once but conceivably many times. The *fourth task is then to count* opportunity creation represented through the proxy of many teleological cycles at least with sufficient accuracy to distinguish between say 0, 1, 2 on the one hand and *lots*, on the other hand. The next question is how we would demarcate teleological cycles.

Teleological cycles are holistic. They comprise goals, actions, feedback (Frese and Zapf, 1994; Miller et al., 1986; Pribram, 1960). The goals particularly are markers of the cycle but a goal alone is not a cycle. Cycles are listened for in a range of psychological interventions such as job evaluation (e.g., Jordan et al., 1992) and are obvious and apparent to a listener through temporal bracketing (Langley, 1999, 2010). The *fifth* task then is to follow the entrepreneur's account through their actions: the purpose at the time, what they did and what happened.

Though the teleological cycle is a feature of the entrepreneurial activity and we are interested in change within the firm, entrepreneurial activity takes place "in

the wild” so to speak. Entrepreneurial activity is interactional in that sales are made, funds are sought, licenses are applied for, and so on. Entrepreneurs are acting with respect to features of the context and these should be recorded too to show the process and to allow a fuller analysis of what entrepreneurs are responding to. The *sixth* aspect of the design then is a case study approach that is characterised by attention to context (Yin, 1994).

Good studies provide the capacity for surprise (Alvesson and Kärreman, 2007), i.e., for the research situation to speak back to us. To provide a quality of “tests of our preconceptions” or putting ourselves into conversation with the material, a clearly pragmatic act, the possibility of opportunities being creative can be stated more formally but still qualitatively in terms of alternative templates (Langley, 1999) as being either so few teleological cycles that their number seems consistent with there being one opportunity that preceded the start-up and any changes might be consistent with pivots as corrections to misconceptions takes place. The alternative template would be that the number seems consistent with frequent changes more consistent with the notion of opportunity creation. This is the *seventh* task: to be able to make a judgement through quantum and pattern about whether we are taking about pursuing one opportunity even clumsily or whether it is plausible that we are observing opportunity creation.

Additionally, as the secondary focus of the research is that changes are prompted by people, we can use a qualitative 2x2 design (Langley, 1999) to provide a second alternative template. Are the changes that are observed associated with people? Are people mainly associated with changes? What else is associated with changes? The *eighth* task is to examine logically alternative triggers to changes we observe.

Depending on what is observed in the field and particularly in response to the first question about changes, the approach to the 2x2 design might change. If results proved puzzling we have moved into an abductive stage and it might be necessary to use inductive procedures to attempt an explanation of what is observed. It is in this *ninth* task that having pursued the data collection as a case study may become useful if the data is sufficiently rich.

Lastly, though this is a qualitative study the principles of convergent-divergent multi-methods designs (Campbell and Fiske, 1959) remain useful. While not wanting to regress into ideas of stasis and reliability, when we come to grips with something unfamiliar, it is good practice to look at information from different angles and to ensure we are sufficiently familiar with the material to be able to explain, and pragmatically use it for our ends, which are to demonstrate and explore the slippery notion of opportunity creation. The question that arises, and the *tenth* design question, is what methods might be useful in the field to ask questions in different ways to provide for the possibility that we are simply confirming preconceived ideas. Of the possibilities available to us, the following three methods were chosen for their simplicity and balance within a one hour interview with one micro-entrepreneur who has had advance notice of an interview on a subject that he or she knows well and in intensely interested.

In the spirit of engaged scholarship (Van de Ven, 2007), the primary method of data collection was a *recounting* of events in a minimally structured interview protocol limited to a single prompt. The second method were cross-checks where the information being extracted for analysis was requested as list. And the third method were questions summative checks phrased as advice given to others. More

details on these Methods will be presented as usual in the Methods section of the study.

### **Summary**

In summary, a process and pragmatic outlook is looking for a proxy of changes in opportunity that are conceived as changing in-and-of itself. As process theory is based on long sequences, the most obvious starting point are cases that demonstrate the phenomenon of interest and that work backwards to preceding events (McMullen and Dimov, 2013)

Following the pragmatic lens used by Sarasvathy and Venkataraman (2011), the focus is on the entrepreneurial actions in a single enterprise. Though Sarasvathy (e.g., Sarasvathy et al., 2003) specifically decries attention to teleology, following Van de Ven and Poole (1995) a teleological lens is used but by thinking of it as representing the opportunity that is created, i.e., we will see several teleological cycles that shift perceptibly as suggested by temporal bracketing (Langley, 2010). Using an alternative template strategy, (Langley, 1999) we can pose 0, 1 or 2 changes that might be consistent with opportunity discovery with many more that would be consistent with opportunity creation.

The data will be collected as a case study to retain information about the context (Yin, 1994) from which we can test in a qualitative 2x2 (Langley, 1999) the association of people with changes and explore inductively the range of other factors associated with change.

Though an exploratory design to advance our capacity to observe and think about opportunity creation, the design will be further strengthened by using the concept of a convergent-divergent multimethod design (Campbell and Fiske, 1959) to look at information in different ways to strengthen our comprehension. Three

methods of data collection will be used. Moreover, consistent with process thinking one case study will be completed at a time to ensure that it is read “across the page” concluding what can be learned before moving on to the next case. The Chapter that follows describes the Methods in more detail. The design has been operationalised as working research questions listed in Table 1.

**Table 1. Research questions for each case study**

Opportunity	
No.	Question
1a	What changes took place in the teleological cycle from the start-up to the time of the study?
1b	What changes in the teleological cycle are listed from start-up to the time of the study when asked directly?
1c	What changes in the teleological cycle are described when the wisdom of the start-up is expressed as advice to others?
1d	Are the changes in the teleological cycle described in all three methods of data collection the same?
1e	What rate of change is suggested by the changes described by the micro-entrepreneur?
People	
No.	Question
2a	Which people are mentioned during the recounting from start-up to the time of the study and in what connection?
2b	Which people are listed from start-up to the time of the study and in what connection when asked directly?
2c	Are the people mentioned using both methods the same?
2d	Are people associated with changes in the teleological cycle?
2e	What are people associated with if not changes in the teleological cycle?
Alternative Triggers	
No.	Question
3	What other triggers are associated with changes in the teleological cycle?



## Study One

### Purpose of the study

The purpose of the first case study was to test a methodological design, and should that succeed, obtain empirical evidence of the business changing. Additionally, by collecting information about the business in context, the intent was to examine who was involved in the business and whether they triggered any changes that were observed. Finally, the relationship would be examined in the converse as well: what else might be triggering changes?

### Methods

**Case selection.** *Established micro-enterprises.* The purpose of the case study was to capture business activity over a long period of time in a form that plausibly might reflect changing opportunity. As the actions of micro-entrepreneurs are to all intents and purposes also the actions of the business, and the primary interest in this work are entrepreneurial actions, to remove one layer of complexity, the study was confined to micro-entrepreneurs and data was collected through one person to provide continuity in the account that is necessary to a process study.

Additionally, the main interest of the study was opportunity coming into being as a result of a start-up, a micro-enterprise needs to be in existence for a number of years for an opportunity to become visible (McMullen and Dimov, 2013). Moreover as most businesses fail or are abandoned, a micro-venture should have been in existence for several years (Office of National Statistics, 2016).

**Local economic and field conditions.** As it happened, this University is situated in the prosperous south-east of the United Kingdom but on its northern border. Just 10 miles further north from the ward in which the field work took place, there is a county border across which a similar start-up would have received tax

concessions. The area is therefore in reach of prosperous areas but not as prosperous as the physical address might suggest. Additionally, the study took place in the tail-end of the Great Recession of 2008 – 2013. The micro-enterprises that fit our other criteria started up at a time when there was no sense of when the Recession would end. The psychological climate was bleak and there were certainly no sense of benefiting from a “rising tide that lifts all boats”. These start-ups were hard but for scholars, they provide ideal conditions to observe the creation of opportunity.

**Ethics and GDPR. *Ethics.*** The proposal for the study received a favourable opinion from the Human Research Ethics Committee at the Open University. Their opinion, the letter of invitation, the participant information sheet and the consent form are at Appendices B to E. As in this study, I was working with one person intensely, I would be able to address with them in full what we would do and what and how they could withdraw at any time. The discussion would also include the use of a pseudonym, the need to protect the identities of third parties, and the re-use of data by other researchers.

***Data management and GDPR.*** The project was registered with the Data Protection unit at the Open University who are the Data Controllers. The field work was conducted pre-GDPR and the participant were informed that his consent forms would be retained. It was also always envisaged that any case studies would be written up in full with pseudonyms and references to third parties who had not given consent would be carefully redacted with any other information that informants wished remove or reported in specific ways. Following GDPR, all consent forms will now be destroyed.

**The case: Smoked Garlic**

***The enterprise.*** In this study, Max, an experienced entrepreneur and food purveyor, recounted the development of his smoked garlic business that he developed with a business partner, Giles. Max and Giles started up their business towards the end of the Great Recession of 2008 – 2013, when people were jaded and bruised and yet to see some sign of the economy rebounding. Though Max was experienced in food and business start-ups, he was shifting his position in the supply chain from retailer to wholesaler & distributor. Thus, this is an account of cultivating unfamiliar markets both in geographical scope and in demand for his product. In generic terms, Max contributes a study of a business run by a person with extensive experience and who should have had high self-efficacy but was nonetheless taking on a task with immense ambiguity.

***Ethics.*** Max is a confident person. He accepted the invitation instantly and with enthusiasm and was strongly interested in having his story stored for posterity in the public domain in pseudo-anonymized form.

Though this was unexpected, Max mentioned few people and the privacy of third parties did not become an issue. He also asked for some financial information to be redacted. In a follow-up visit, he indicated that he had benefited from the exercise and had come to see that some actions had been more important than he had previously realized. He is aware that, having contributed information shortly after the BREXIT vote, researchers in future might approach him for a follow-up interview.

***Design.*** The study has a single case study design intended to capture entrepreneurial actions over the years through a process and pragmatic lens at a granularity that would be consistent with the hypothesis that an opportunity is being

created. The primary analysis was to capture the changes apparent in a spontaneous recounting of the start-up using the technique of temporal bracketing (Langley, 2010) as applied to the teleological cycle (Van de Ven and Poole, 1995). The significance of the rate of change that we observed was assessed through alternative strategic templates (Langley, 1999) where the theoretical alternatives were no change or changes consistent with correcting one's perception of the opportunity (i.e., 0, 1, 2 changes over the entire life of the start-up) or very many more changes consistent with a rate of change in between those two poles consistent with an opportunity being created (i.e., a few changes each year).

The secondary analysis was to look at whether people were associated with those changes and or whether those changes were more consistently associated with other factors. This analysis followed a simple 2 x 2 qualitative design.

The data was additionally collected in three forms to provide a convergent-divergent multi-method design presented in Table 2.

**Table 2. Multi-method design of the single case study**

Case Study	Focus	Data Collection		
		<i>Recounting</i>	<i>Cross-Checks</i>	<i>Summative Checks</i>
Experienced entrepreneur	Changes?	One prompt question with recounting of around one hour on a whiteboard	Direct question phrased to check a list of changes phrased as 'make-or-break'	Two summative questions phrased in terms of instructions or advice to others
	People?	Noted within the recounting above	Direct question phrased to check a list of people noted in the recounting	Potentially but not necessarily included in the answers to questions above

### **Data Collection**

*Interviews.* Data collected was collected primarily through an interview to recount the start-up over several years consistently with the longitudinal premises of a process study and in enough granularity to collect context but to maintain the pragmatic lens and attention to action.

The intent was to engage one micro-entrepreneur for each study whose personal account was sufficiently close to history of the business that it could act as a proxy of the account of the business. In that manner, data collection could be limited to the account. Nonetheless, micro-entrepreneurs included within the study worked within the vicinity of our university, and many of the geographical and community reference points, allusions to ongoing political debates, common trading practices, and so on were already familiar.

An engaged approach (Van de Ven, 2007) privileges not only what informants say but also their epistemologies, that is, the spontaneous structures of their accounts. Thus, the interview was structured minimally. Additionally as this not a linguistic study and there was no intent to looking for themes of content (Braun and Clarke, 2016), the interview was designed so that participants could answer an initial prompt question and follow their own thought processes while the interviewer records notes on a whiteboard that they can also see (Adriansen, 2012). That activity limits our impulse to interrupt and take the recounting in another direction. We thus receive the recounting in a narrative but not highly edited form where the structure of the narrative is visible in front of us. There is less load on the researcher as well and we can actively listen for content. Additionally, following the precept of a joint project (Van de Ven, 2007), participants are able to correct themselves or our notes as an interview of an hour or so proceeds.

As a precaution, I asked the micro-entrepreneur for permission to record the interview on a mobile phone.

***Cross-check questions.*** Additionally, in a minimally convergent design, the initial unstructured interview was followed by cross-check questions and some summative questions. The cross-check questions provided an opportunity to check details and to confirm in a list what had just been presented on the whiteboard in the form of a memory of key turning points. The question was primarily part of a convergent design for research purposes. The wording was chosen on the basis of prior experience of wording that is recognized by people talking about their work and has its roots in a long history of critical incidents in job analysis in which the purpose is to bring to the front of the informant's mind decision-making processes that have become tacit for them (Flanagan, 1954). This method of data collection is based on an even longer tradition of assuming that surprises cause conscious thought (Miller et al., 1986) and that there is a corollary that surprises will be remembered and easily verbalized as they were at one time verbalized (Ericsson and Simon, 1980). The wording was chosen based on prior experience of wording that is recognized by people talking about their work. This method was also adapted as a semi-structured interviewing technique by interpretive researchers from Lancaster University researching learning incidents in the pasts of entrepreneurs (Cope, 2003).

***Summative checks.*** The third multi-method technique was to pose two summative questions capturing declarative knowledge that might be presented in conversations with other people on the assumption that these would reflect points about the business that the micro-entrepreneur had come to learn were critical. The content of their answers in conversation with their earlier answers would provide

another qualitative triangulation that might lead to elaboration or questioning of our understanding gained through this rapid methodology.

***Interview protocol.*** The interview protocol was prepared fully in advance for Ethics Approval and is presented at Appendix E. The corresponding participant information sheet and consent form are at Appendices C and D, respectively.

### **Analysis**

***Level and unit of analysis.*** The level of analysis is entrepreneurial action which in the pragmatic paradigm of process refers to a teleological cycle that is changing (Van de Ven and Poole, 1995). This is a relational model that minimally but essentially depends upon feedback in an open system.

The unit of analysis is strictly speaking change. This is difficult to conceptualise as the word unit suggests an entity. The unit though is the change that is visible through temporal bracketing (Langley, 2010) of the teleological cycle.

***Within interview analysis. Recounting.*** The data collection was designed to capture events over many years with accompanying contextual information within an interview of around an hour. As at the outset I had no guidance from the literature of how often to expect these changes, the expedient method was to prepare for the interview with several whiteboards which are now available as rolls of film that adhere statically to any wall. The analysis begins through active listening and note-taking on the whiteboard monitored constantly by the informant. There is provision within the interview for asking for points to be expanded if it is difficult to follow the recounting and for the participant to subsequently change their mind or correct any information. The participants can also give instructions about redactions as they go (e.g., to report volumes rather than revenues).

*Use of the planned protocol*

Learned from this process was that the recounting tended to be presented in chapters. An event or decision or conundrum was described and then elaborated. When the micro-entrepreneur moved on, he moved on explicitly to another situation. It did not become necessary to ask, for example, whether we were still talking about X? After around an hour, the recounting would have arrived at the present. Without any foresight at the start, the number of changes were such that they could be held in working memory and it was possible to move smoothly to cross-check questions which form the second in-field stage of analysis.

*Cross-check questions.* The cross-check questions were initially conceived as instruments of elaboration and convergence though good research design always makes provision for surprise. The surprises were large. Rather than elaboration, what was immediately apparent in this first case was that few people had been mentioned and when asked directly, the chapterization was not remembered as critical turning points, expressed here as ‘make-or-break’ events, even if they had been described in those terms during the recounting moments earlier. As the protocol had been pre-approved, it was only possible to discuss the replies received and to proceed to the summative questions, holding off any revisions until the case study had been completed in its entirety, i.e., adhering to the single case study design that follows formulating the phenomenon as a process.

*Summative checks.* The summative checks worked as expected and provided the third in-field point of analysis in so far as they elaborate but also provide a multi-method check on the content that had been presented earlier. The content is therefore enriched with further texture while also providing confidence in the growing coherence which is a step in any pragmatic inquiry.



*After interview analysis. The recounting.* Immediately post-interview, the case study was written up in full. This is technically a process of synthesis rather than analysis in which the interconnections are privileged over pre-determined structure. Nonetheless to aid answering the first research question about the frequency of changes, sub-headings were used to mark off apparent change points or chapters. The focus while writing though was on constant reference to context and interconnectedness rather than plot or theme. This focus respects the contextual nature of processes and provides the textured descriptions for exploring contextual features associated with changes. More essentially, it respects the relational nature of the teleological cycle where we are acting *in* the world and we expect to see what may have been in the informant's view and how the other actors around them, including the material world, responded. Additionally, the account is written in the third person to signal clearly in the account of record that this an account that I have written and to acknowledge the pragmatic presupposition that knowledge is what we use it for. Hence though I am curious how the micro-entrepreneur managed the early start-up, in my hands the knowledge does become what I am using it for.

After some initial hesitancy, the recounting was easy to write up with reference to the whiteboard. At the end of writing up, I also double-checked from the whiteboard back to the recounting that I had not ignored any information. There were one or two points where it was difficult to present the recounting sequentially or writing the story exposed contradictions and I went back to the micro-entrepreneur with some questions. There was no need to resort to the recording and it was not used again. The full write up is at Appendix F as the data of record.

*Cross-checks.* Though nonplussed initially by the responses to the cross-check questions, in the spirit of data reuse, the responses to these questions were also

written out and are presented immediately after the recounting written up in full and is in Appendix F.

*Summative checks.* The information on the summative checks is also in Appendix F.

***Inferential analysis.*** While inferential analysis normally refers to significance testing in statistics, the alternative strategic template strategy (Langley, 1999) provided the basis for judging whether the changes that were observed were of any theoretical import and could be imputed as evidence of opportunity creation. Specifically, to repeat the benchmarks: zero, 1 or 2 changes in opportunity might be consistent with opportunity discovery; many more opportunities than that would be consistent with opportunity creation.

Before this inferential extension could logically be undertaken, it was necessary to consider in a pragmatic sense whether the information gleaned through the recounting was enough to ‘act upon’. To achieve this goal, the information gleaned through this method was compared with information from the other two methods following the questions listed in Table 1.

The analysis was repeated for people. Finally, to address the converse question of what other triggers were associated with changes in the teleological cycle, the full write up of the case was read closely to find possible explanations other than those that were expected on the basis of the literature.

## Findings

### Changes in the teleological cycle

***RQ1a: What changes took place in the teleological cycle from the start-up to the time of the study?***

*Smoked Garlic, 2013-2016.* Smoked Garlic began to take form in the bitterly cold winter of 2013 when Max and a longstanding friend, Giles, acquired a garden smoker and decided to smoke fresh garlic. Both having had careers in retail, they asked a local greengrocer to test sale their product. Receiving a re-order very quickly, they were emboldened to try selling through other independent food outlets in other small hamlets around the village where they lived and to launch a website for online sales. Max, an inveterate sales person, also sold some smoked garlic to a delicatessen much further afield while on a family holiday and was delighted to receive a re-order from them as well. Experimenting initially with online sales and delivery via courier, both Max and Giles pursued other ventures over the summer and only regrouped the following winter for a serious discussion about whether their project was viable as a business.

A hard-headed analysis of their incipient venture identified a strength, a weakness, and an interim goal. The strength of their business was the margin in one head of smoked garlic and the weakness was online sales. They understood that a viable business meant volumes and Max committed himself to blitzing the market within a day's return drive from his home to find 100 new customers.

After an arduous year when success was anything but known and assured and buffeted by frequent rebuffs, Max edged towards his goal and began looking for ways to expand. He experimented with adding complementary products and having worked in London in his youth, he and Giles resolved to brave the London High

Streets and to attempt to expand following the same value proposition that they have developed for the High Street shops and farms shops closer to home. Already merchandised smoked garlic was left on a no-risk basis for test-resale and thereafter, was replenished for cash with a no quibbles replacement policy. eThis expansion proved much easier than they had expected and for the first time in three years, they began to experience the relative ease of a business finding its flow.

Adding complementary luxury products to their line of smoked garlic, Max and Giles improved their working procedures with apps and a book-keeper and settled in to a four-day week where they took orders on Mondays and plied their routes from Tuesday to Thursday. They continued to smoke garlic in facilities close to home and cover for each other when they wanted to take a holiday.

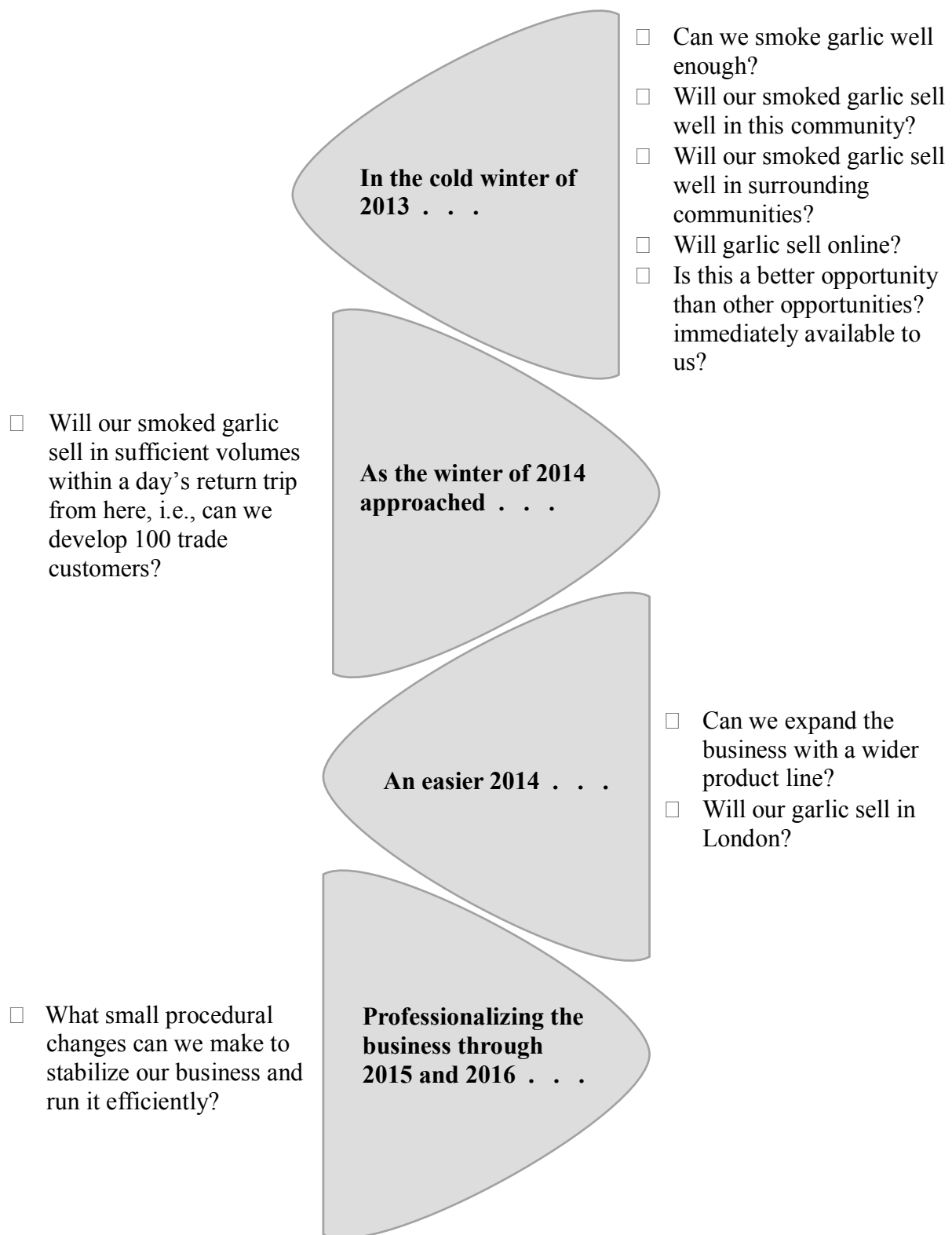
*A pictorial timeline to visualize the changes.* After the fact, a business that has settled into providing a livelihood for two households might appear inevitable. Hoping not to create that impression but to aid readability, the timeline has been depicted in Figure 1 with the major focuses of a teleological cycle at the time depicted as the questions Max and Giles were asking themselves in the moment.

*Patterns of changes in the teleological cycle as collated from the recounting.* Through **Error! Reference source not found.**, we see several questions and teleological cycles in the first year beginning with “are we able to smoke garlic in a garden smoker of sufficient quality?” The rate of questions slows down as the question gets larger and more time is needed to make an adequate test and embed a process.

A subsequent question arises whether answers to the questions in **Error! Reference source not found.** were the only questions being asked. In addition to the major changes in the business, there were many other decisions, particularly

buying the vehicles, starting to buy garlic from produce markets in London, deciding which complementary products to buy and which to drop, and registering for VAT so products could be imported from Spain. But each of these is embedded in a larger question that is assumed in this analytical frame to reflect the framing of an opportunity.

Decisions about running the business were also important: the orderly use of lists, the printing of invoice books with their products already listed, and the retaining of a bookkeeper and her introduction of aged debtors. As he spoke, Matt was clear that two very important decisions were the segmentation of the customer routes and the use of a route finder app. Max's off-the-cuff estimate is that the route-finding app saved him a quarter of his time. It had not been possible to segment the routes, however, until around two years in, and the app depends upon having a sense of how many places can be visited in a day. This example illustrates the sequence of developing opportunities is material to the next opportunity to be developed.



**Figure 1 Apparent teleological cycles in Smoked Garlic, 2013-2016**

***RQ1b: What changes in the teleological cycle are listed from start-up to the time of the study when asked directly?***

Asked directly about changes in the enterprise in terms of make-or-break moments, Max' puzzlement was visible. Only one make-or-break point sprang immediately to Max's mind and this was his early realization that their website had developed little traction and that courier costs were too expensive even though they lived ten miles from the nearest sizeable town and over an hour's drive from major cities of Oxford, Cambridge, and London.

***RQ1c: What changes in the teleological cycle are described when the wisdom of the start-up is expressed as advice to others?***

A third summative question about advice to a novice entrepreneur was added to the two planned questions about delegation in his absence and retrospective advice to himself. Max was clear that he would not delegate to someone who had not been working in the business itself, yet a person could be trained to run the business within a month. The business was designed to be run by two people, one being able to cover for the other for short intervals. His advice to a novice start-up was also to identify a possibility and to test the idea in the market as thoroughly as one can afford as early as possible. His ideas are consistent with his recounting of his own experiences in content and in form in that one should not wait for a fully formed idea or the resolution of uncertainty by exogenous forces.

***RQ1d: Are the changes in the teleological cycle described in all three methods of data collection the same?***

The first method of recounting the start-up produced a rich account of the start-up in which we can see clear teleological cycles in which a critical question is answered and falls away as a goal. Can we smoke garlic well enough? Will smoked

garlic sell? And so on. It was pleasing that this first method worked more easily and comfortably than its absence in the literature suggested producing rich data of nine or so different teleological cycles over three to four years. The third method also worked with answers to summative questions being framed pragmatically within which we hear how opportunities are embodied through a process of action. The question that arose is why the middle question did not produce recall. It was surprising that events sufficiently important to recount only moments earlier were not regarded as make-or-break points moments later. This conundrum begs an answer and subject to that answer, we can only proceed tentatively.

***RQ1e: What rate of change is suggested by the changes described by the micro-entrepreneur?***

By my estimate, and in answer to my first research question, while more settled now, the business made a change, irregularly and unpredictably, about once every six months. Though more changes occurred in the very early stages, as a preliminary working rule-of-thumb, we are seeing rate of change of around once every six months.

### **People**

***RQ2a: Which people are mentioned during the recounting from start-up to the time of the study and in what connection?***

Very noticeably in the recounting, Max mentioned few people: himself, his business partner, an encouraging green-grocer, and his book-keeper. Customers were mentioned generically. Most selling was done within a customer's shop preceded by a conversation over the phone.



***RQ2b: Which people are listed from start-up to the time of the study and in what connection when asked directly?***

When I asked directly about people in the business, I prefaced the question with my surprise that so few people had been mentioned. Max, a gregarious and positive person, was equally surprised.

***RQ2c: Are the people mentioned using both methods the same?***

Though the absence of people in the recounting and then through direct recall was unexpected, the two methods of inquiry produced the same absence.

***RQ2d: Are people associated with changes in the teleological cycle?***

To answer the second general research question directly, few people were mentioned in the recounting or in the direct question. Surprising though this is, based on this evidence it would follow that people were not associated with changes.

***RQ2e: What are people associated with, if not changes in the teleological cycle?***

The few people who were mentioned were a long-term associate or integral to the business – such as the partners or the book-keeper – and were driving the business forward. The largest group of people, the customers, were mentioned indirectly and generically as a category. These mentions were not vague, hypothetical, or unspecific though. What we see in the recounting is that customers benefit from a no risk, hassle-free value proposition and that this proposition was an explicit decision prefaced by the commercial non-performance of online sales and an early decision to sell face-to-face. It may well be that the retail model was already so sophisticated that it absorbed rather than created crises.

### **Alternative triggers to change**

***RQ3: What other triggers are associated with changes in the teleological cycle?***

Asking the question the other way around, the question becomes what triggered changes in the teleological cycle? As a device to analyse the rich account provided by Max, I looked at each teleological cycle in terms Sarasvathy's (2001) effectuation and causation.

At the outset, the first decision to smoke garlic in the backyard is classical bricolage (Fisher, 2012): "Have smoker and garlic. Let's see if we can make commercial quality smoked garlic". Running test-sales through retailers known to the owners is classical effectuation. There is minimal risk and some risks are borne by others, though in this instance the risks are minimal and the profits provide a good return on effort for the retail outlet. Later, turning out to be of little value, launching a website was done perhaps because it is relatively easy and demonstrates legitimacy.

Thereafter, decision making became a lot more causative in style. Online trading was calculated as ineffectual and too costly. The margin of garlic was identified as the key strength of the business and an arbitrary goal of achieving 100 customers was set. The London market is braved even though they expected overheads to be higher, not lower. Max and Giles operate off lists and business actions such as segmenting the routes and using a route-finding app that saves significant time.

It is here that the apparently separate notions of effectuation and causation appear to run together and we rather see two features of the more general form of pragmatic thinking: that one event leads to another and that we revise our

understanding of a situation when it's become inadequate for whatever we are doing. Cold-calling was possible partly because a previous decision had been made to sell face-to-face. Though a task few people enjoy, selling through people they did not know became the next obvious step and was possible because, at that moment, Max had the time and the vehicle to perform the task. The arbitrary goal helped to pull him through and to test thoroughly, that is to learn all that could be learned from acting. It was almost when there was nothing more to be learned – the local market was 'exhausted' – that Max and Giles began interrogating another task. Once again, they pushed through the early unpleasantness of cold calling by setting each other challenges and competing to make the task of finding customers in London more fun. A constant process of inquiry appeared to be taking place in that not only is the business created by action, so is the knowledge, and the knowledge ranges from the situated and local, through the experience of the emotions of triumph and disappointment, and even embarrassment, to understanding the principles relevant to their business.

The alternating forms of effectuation and causation might be present but the triggers seem to be that all that can be learned has been learned, i.e., almost as if the prior model is "exhausted". That is not to say though that the preceding model was wrong and needed correction. I noted Max often enunciated the principles of the business marking them with the phrase: "it goes back to the beginning". Such principles were using big heads of garlic, removing risk from retailers, maintaining margins, staying in contact with customers and knowing them well, and communicating his sincere confidence in their products so he was able to convey that confidence to their customers. Max was anticipating, without pre-empting, the effects of BREXIT, the pros and cons of taking on an employee, or developing into a

franchise. Rather than correction, we see elaboration. Rather than a need to converge and abandon options, we see capacity returning to engage in a new wave of active learning.

I was particularly interested in the extent to which the knowledge of the business is situated, embodied and social (see Spedale and Watson, 2014b). Max's thoughts about hiring an employee allowed me to talk that through. On the one hand, Max's and Giles's ability to cover for each other comes about because they both have an intimate and thorough knowledge of the business and their formal procedures, be those lists for Giles and voice-activated apps for Max, make them both massively more efficient. On the other, Max estimated he could train an employee in a month. When he was considering franchising his business, he could not see how he would stop someone "making their business their own". At first this seemed contradictory, but both scenarios established the same point. The knowledge in the business is very situated, embodied, and social. Knowledge and know-how are not acquired overnight but it is acquired by anyone who puts in the time and effort. It is the time and the effort, the physical presence and the learning curve that is often absent from formal business planning.

To answer the third RQ, changes in the teleological cycle did not seem to arise from people. At the beginning, there are clear examples of bricolage and effectuation. Then, the business took on a more causative flavour. Looking at the apparently causative thinking more closely, it seemed that for these decisions, an understanding of the business was deployed and its exhaustion triggered a reconsideration. Each turn changed the business through action and expanded Max's and Giles's understanding of the business. All the time, there seemed to be the classical interplay assumed by pragmatic models of habit, action and deliberation or

what worked in the past, the demands of the present, and ability to imagine the future (Morgan, 2014). This process is consistent with pragmatic notions of action where we model the world in terms of what action is effective (Morgan, 2014). The need to have people who really understood the business underscores the embodiment of knowledge and highlights the need to construe business planning as the acquisition of that personal experience. Inductively conceived from this one small study, it is possible that change is not triggered exogenously but endogenously as if a model has exhausted its learning potential, or as if entropy has been reduced below optimal levels. This notion would need to be re-tested in studies designed for that purpose.

## **Discussion**

**Overview of the findings.** The convergent-divergent multi-method design (Table 2) allowed for the capture of three types of information with three methods. The three types of information were changes to the teleological cycle, people, and disparate contextual information around people and changes. The three methods were the recounting in a minimally structured interview, a direct question about changes immediately following the recounting, and summative questions in the form of advice given to others. The design proved productive in that it produced both pleasing confirmations of what had not been attempted before and discomforting surprises by contradicting deeply held ideas and well-established methods.

**Table 3. Results of the first single case**

Case Study	Focus	Data Collection		
		<i>Recounting</i>	<i>Cross-checks</i>	<i>Summative Checks</i>
Experienced entrepreneur	Changes?	Lots  ± Two p.a.	None  Possibly abandoning online sales	Caretaker must have day-to-day experience of <i>this</i> business. Frame the goal as well as you can and be maximally energetic.
	People?	Very few	None	

**Methodological observations.** Dealing with the methodological observations first, the open-ended recounting was very comfortable to use and taking notes on a whiteboard greatly assisted seeing teleological changes that were presented almost in chapters. The pragmatic account was confirmed by answers to the summative questions that presented an embodied active view of acquiring knowledge and creating business. The excellent information about changes was not matched with information about people. Though the role of people was a proposition and subject to empirical evidence, it is such a widely accepted proposition that an absence of people in the recounting raised the spectre that method was not as open-ended as intended. Consequently, it seemed prudent to accept the positive results about changes only tentatively. Though the direct question about people confirmed the absence of people in the recounting but to the visible surprise of the participant who is famously personable and gregarious, it did not confirm the changes heard in the recounting. This further led to a sense that substantive results should be accepted cautiously.

**Inductive reasoning about triggers.** As the research propositions that we would see change that was associated with people was not supported, the recounting

was explored inductively first for what people were associated with and then for alternative triggers to changes.

The retail proposition in this business was very strong. After a failure of a website to generate sales online and surprisingly uneconomic prices of courier services, the micro-entrepreneur had exploited his undeniable strengths and built his business around face-to-face sales. Though physically arduous over such an area as broad as the south-east of England and as congested as London, this proved a coherent model. Importantly, the micro-entrepreneur was close to his customers. With his long expertise in retail, conceivably he was able to respond readily to issues that needed attention and did not provoke crises. In short, rather than being triggers, customers were embedded or even cocooned in a strong retail model.

Equally, the changes when inspected across the lifetime of the start-up did not appear to be triggered exogenously. There seemed a sense rather that a plan of action became “exhausted” leaving the micro-entrepreneur with the will and capacity to undertake another learning curve. While this is a tentative conclusion, it is consistent with the pragmatic models that underpin the views of opportunity being explored here.

**Substantive conclusions and question for the next study.** While this study can tentatively conclude that it is possible to observe changes in a micro-enterprise that are consistent with opportunity changing and equally tentatively entertain the possibility that people should be conceptualised other than as triggers to change, there are two caveats. First, the failure to obtain data may signal methodological failures. Second, what was seen in this study might be an artefact of the design. It is possible that our informant’s retail might be so expert that crises never emerged with

respect to customers. For this reason, a second study was run with an equally articulate but less experienced entrepreneur.



## Study Two

### Purpose of the study

To explore the possibility that people were not mentioned in the recounting of the start-up in Study One because of the considerable expertise of the micro-entrepreneur in retail and start-ups, this second study was conducted with a micro-entrepreneur who had less experience in retail and in entrepreneurship. The design of the study was otherwise identical to the design in Study One.

### Methods

**Design.** The expanded design including the second case is presented for completeness in Table 4.

**Table 4. The convergent-divergent multi-method matrix including the second case**

Case Study	Focus	Data Collection		
		<i>Recounting</i>	<i>Cross-Checks</i>	<i>Summative Checks</i>
Experienced entrepreneur	Changes?	One prompt question with recounting of around one hour on a whiteboard	Direct question phrased to check a list of changes phrased as 'make-or-break'	Two summative questions phrased in terms of instructions or advice to others
	People?	Noted within the recounting above	Direct question phrased to check a list of people noted in the recounting	Potentially but not necessarily included in the answers to questions above
Inexperienced entrepreneur	Changes?	✓	✓	✓
	People?	✓	✓	

**The Case. *The enterprise: Real Bread.*** In the second study, Llew helped me to reconstruct the development of his bread-making hobby into a bakery that

supplies bread to a cluster of small towns in the south-east of England. Prior to starting the bakery, Llew worked in IT internationally and his switch into baking was both a new industry and new business model for him. People, of course, know bread and Llew was building his business locally where he knew people and they knew him. But people are no longer in the habit of taking good bread for granted and including it in their weekly diet and budget. Llew thus represents a generic case of an inexperienced entrepreneur developing a new market for a known product.

**Ethics.** Llew discussed the information I wanted and anonymity fully before signing the consent form and readily pointed to information that he wanted redacted. He declined to read the account before it was submitted. I have since met him several times and he appears to still be comfortable with the process and I believe he is content with having participated.

**Data collection.** Study Two followed the same protocol as Study One and once again the reconstruction of the timeline worked smoothly but unlike in Study One, many people were spontaneously recalled. The cross-check questions once again provoked puzzlement, for both changes and people and similarly to the first case, the summative checks were generative.

The data of record is presented in full in Appendix F.

## Findings

### Changes in the teleological cycle

***RQ1a: What changes took place in the teleological cycle from the start-up to the time of the study?***

*Real Bread, 2009 – 2016.* Real Bread had incipient form in the form of baking bread at home for leisure prior to the Great Recession and traumatic redundancies in 2009. Llew's bread was well known in the village where he lived in

the south-east of England, and with more time on his hands, he was asked to provide bread for a local delicatessen. Though still looking to resume his career in international IT, as he loved baking bread and it was much appreciated by people around him, Llew considered turning his once hobby into a business. Being thoughtful and systematic, he began selling bread through other small independent food outlets while he learned to bake consistently to order.

In what turned into an extended learning cycle, Llew benefited from continued support from the delicatessen and two local pub owners, the quality of his bread, and his general skills. The delicatessen offered an exchange of the use of its refrigerated van to run a distribution business in exchange for an early morning run to London food markets some 50 miles away. One pub took any unsold bread that they froze for sale to customers buying meals. Another new pub owned by a professional chef promoted the sale of local produce in his restaurant initially exchanging it for beer. As the bread was popular with patrons, the pub owner also suggested Llew might like to run a pop-up every Friday night in the bar area for customers stopping in for a drink to start the weekend. This extended period of learning neared fruition in response to two challenges. Llew's wife who was an experienced manager suggested Llew needed to take the plunge in selling to people who did not know him. Llew expanded the pop-up formula to other pubs and began trading four nights a week. An important psychological turning point came when Llew successfully supplied several traders with bread in the annual town food festival that ran for two days. Additionally, he acquired a stall at the monthly Farmer's Market and rapidly recouped his investment in a gazebo and tables.

Disaster struck, however. Llew broke his shoulder in a bicycle accident. Though he attempted to trade through working one-handed and using buses, his

surgeon soon insisted he stop work altogether to allow for surgery and full recovery. Additionally, the pub that took all his surplus closed and his business was instantly less stable than it had been before. Llew closed his business temporarily, reopening it only when the surgeon was satisfied it was sensible to do so.

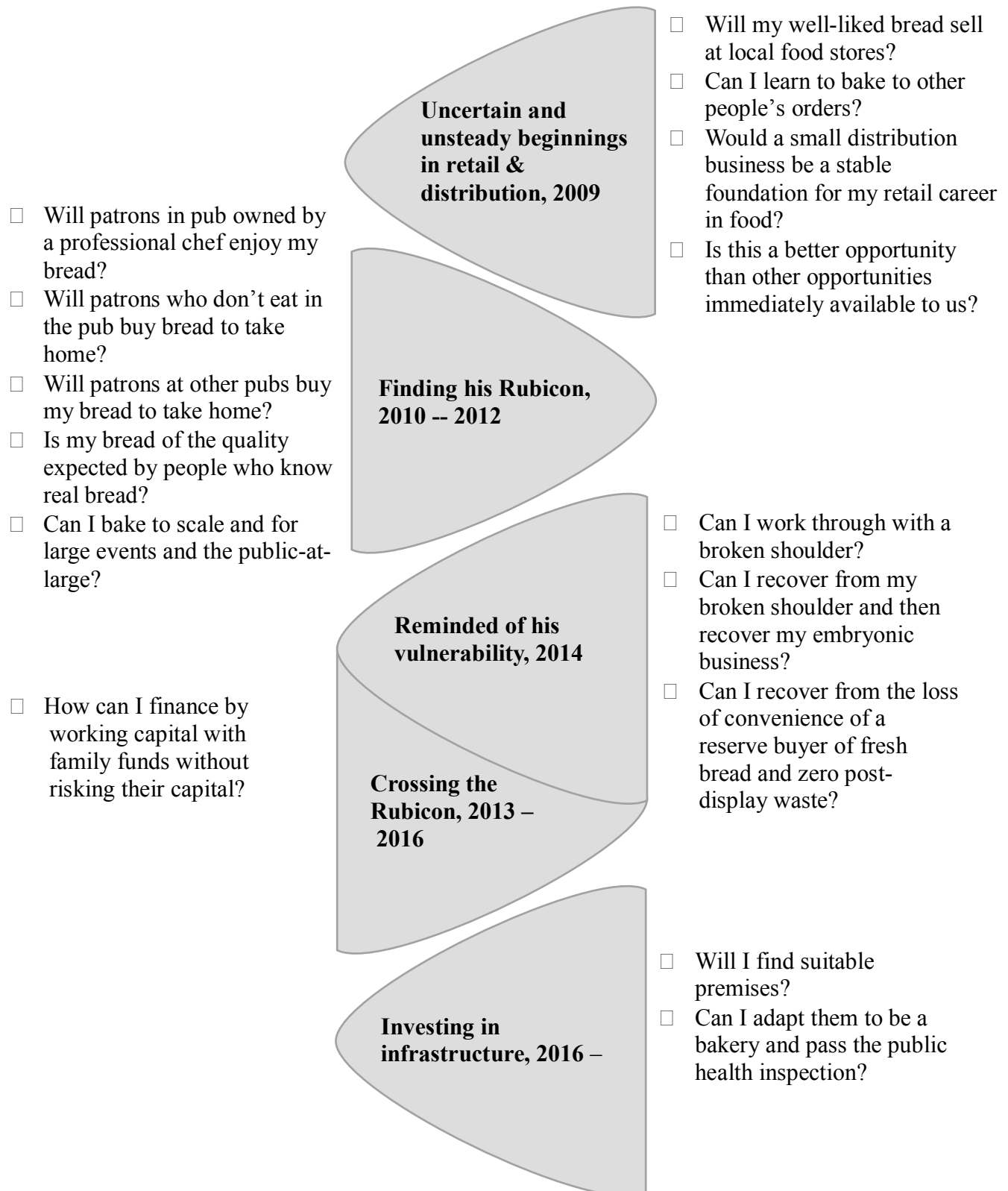
Undeterred, and encouraged by his family, when he re-opened Llew undertook a long search for suitable premises and thought out how to finance working capital without risking his family capital. Suffering another setback in his wider family, after thinking things through with his family, he decided to proceed and set about adapting premises he had found to operate as a bakery and to pass the all-important health inspection that he passed on first attempt with the coveted five stars. Opening the physical bakery shortly before this study, he was now back in a phase of working on efficiencies that are challenging when baking bread and selling a luxury product with volatile demand.

*A pictorial timeline to visualise the changes.* Llew's journey was considerably longer than Max' but he had further to come. He began his journey at a depressing time without the benefit of having worked in the food industry before or run a start-up before. He also was determined to progress cautiously, steadily, and thoughtfully without taking unmanageable risks. As in the first study, hoping not to convey any sense of inevitability or to encourage a sense of representing an entitative model rather than the change and flow of a process, the changes in the teleological cycle in the micro-enterprise are depicted in Figure 2.

*Pattern of changes in the teleological cycle as collated from the recounting.* Similarly to Study One, there are many shorter though not necessarily less challenging teleological cycles early in the start-up. The teleological cycles appear to diminish as the years go by and the start-up develops some stability and attention

to efficiency. Throughout, there are of course many embedded day-to-day decisions that are important to get right in a small business where small losses are disproportionately large. Every day, Llew decides how much to bake and balances disappointing customers with waste. Every day, he makes the decisions of a skilled baker varying baking conditions and maintaining quality. With every customer, he is responding to their preferences in bread and their enthusiasm for learning more about real bread.

In between the bigger changes in the business and the many day-to-day decisions, Llew was consistently and assiduously revising his own processes, his sense of whether the business would ever amount to a business, and what form it should take. From the beginning, as he recalls it now, he was learning to bake consistently and reliably to other people's deadlines. He asked so many questions of his flour suppliers that they invited him into their test labs for a half-day. He readily learned from experienced people around him. He is articulate about avoiding becoming a commodity competing on price and he consistently moved toward finding a configuration for his business that was viable in the community in which he lived.



**Figure 2. Apparent teleological cycles in Real Bread, 2009-2016**

***RQ1b: What changes in business activities are listed from start-up to the time of the study when asked directly?***

Asked directly about changes in the enterprise in terms of make-or-break moments, Llew didn't think there had been any make-or-break points.

***RQ1c: What changes in the teleological cycle are described when the wisdom of the start-up is expressed as advice to others?***

Llew responded to my first summative question about the instructions he would give someone caretaking his business by saying that the situation would not arise. He closes his business when he is not there.

In response to my question about what he would do if he started his business again, he said he would invest in more training and then returned to the theme of bread-making and running a bakery which requires a balance of quantity, time, pricing, and profit, or in other words, the efficient use of time and materials.

I added a third check question asking for the advice he would give to someone starting a business. To this he replied 'passion' and being 'curious enough' to understand the passion and to develop an 'honest product'. Llew then elaborated by describing how he refrained from evangelizing and how he engaged sufficiently so customers knew he had knowledge and ability. His pithy advice was to "get as much training as you can".

Following Llew's comment about procrastination, I asked him if he wasn't simply in a period of gestation. He replied that the entire journey had been a series of "revelations and realisations", some of which he had followed up and some of which he had not. His ideas are consistent with his recounting of his own experiences in content and in form in that one should not wait for a fully formed idea or and exogenous resolution of uncertainty.

***RQ1d: Are the changes in the teleological cycle described in all three methods of data collection the same?***

Exactly similarly to Study One, the first method of recounting the start-up produced a rich account of the start-up in which teleological cycles were evident when Llew was talking, remained evident when I wrote out the case study and in which a critical question is answered and falls away as a goal. For example, can I bake consistently for several food vendors at the annual food festival? The third method of summative checks also worked similarly to Study One with answers being framed pragmatically within which we hear how opportunities are embodied through a process of action. Also, similarly to Study One, the cross-checks also failed to produce recall. As with Study One, it seems reasonable to proceed, though tentatively, with a conclusion that there were many changes in the teleological cycle over seven years.

***RQ1e: What rate of change is suggested by the changes described by the micro-entrepreneur?***

By my estimate, and in answer to my first research question, while the business developed at a slower rate than the business in Study One, and once again, though more changes occurred in the very early stages, as a preliminary working rule-of-thumb, we are seeing rate of change of around between once every six months and once a year.

### **People**

***RQ2a: Which people are mentioned during the recounting from start-up to the time of the study and in what connection?***

Dissimilarly to the recounting in Study One, Llew's account was replete with people. For examples, a social acquaintance with a business in the area recognized



the value of his bread-making skills and coached him to enter retail markets; a pub owner, picked up the baton and to proactively promote a second critical stage of establishing a micro-outlet.

***RQ2b: Which people are listed from start-up to the time of the study and in what connection when asked directly?***

Though people figure strongly throughout Llew's recall of his start-up, encouraging, instructing, and advising, when asked directly for a list, only his wife sprang readily to mind.

His wife's support, business skills, and ultimate willingness to back the business, although cautiously, through revenue from property rather than capital, has been essential.

***RQ2c: Are the people mentioned using both methods the same?***

Curiously, while many people were mentioned in a spontaneous recounting of the start-up over seven years, when the method of elicitation was changed to a list, Llew only mentioned his wife. So, whereas in the first study, neither method elicited people, the fuller method of recounting elicited people here but the well-established conventional method of recapping and asking directly did not.

***RQ2d: Are people associated with changes in the teleological cycle?***

To answer the second general research question directly, the differences in replies from two different methods of elicitation need to be explained. Nonetheless many people were mentioned in the recounting. Inspecting the roles played by the people mentioned may thus be pertinent.

***RQ2e: What are people associated with, if not changes in the teleological cycle?***

In Llew's spontaneous memory of the business, people figured prominently. A social acquaintance with a business in the area recognized the value of his bread-making skills and coached him to enter retail markets. It must be almost magical for a second business, the pub owner, to pick up the baton and to proactively promote a second critical stage of establishing a micro-outlet.

Of course, both business people had their own interests in mind. Help does not come from abstract categories such as "social capital" or "relatives" but from people discovering mutuality while they make their own assessments of what is desirable. What seems to be exceptional are people who take the initiative to develop the mutuality beyond a thought. It would be interesting to see how much this happens in more urban communities where trust and habits of mutuality may be lower.

Though customers have not driven business changes, what is interesting is Llew's determination to remain close to customers. When involved with a pub who wanted an extended presence, he resisted. When I pressed him to elaborate, he said he wasn't quite clear why he resisted quite so much. One aspect to his thoughts at that time was that he wanted to be close to the retail customers. Another was that he hadn't wanted to commit so much to expansion at that point. A further point was that his shoulder was clearly not healed.

Llew was very articulate about the economics of the business. He understood he is educating a market that has come to associate bread with something cheap, sliced and sold in a plastic bag. To cultivate his custom, he wanted to speak to customers directly, learn what they bought regularly and when, and ensure what they

preferred was available to them while offering them variety from time-to-time. He spoke with pride that his regular customers were able to tell him candidly when they did *not* need bread and were not going to buy. He was also clear that he could evangelise real bread, as he was doing somewhat with me in the interview, but that exceeded the interests of most people and that it was better to be quieter and come across as enthusiastic, knowledgeable, and caring. If he hid behind other retailers and became a wholesaler, then he would not only have the educational task, he would also ultimately compete on price. He clearly sees the retail format, apparently casual as it is in a pub, as essential for learning what customers like and helping them explore their own tastes. As scholars, we recognize the keen appreciation of the social elements of marketing and the role that services play in maintaining margins and competing with mass produced cost-led products. Making space for interaction with customers is also central to his value proposition of introducing people back to real bread. As a strong retail model was also a feature in Study One, it is the retail model that might contain an explanatory key to the unexpected way in which people are described.

### **Alternative triggers to change**

***RQ3: What other triggers are associated with changes in the teleological cycle?***

Asking questions about the formation of the business in the other direction, Llew's story, as I noted above, is very much a story of the community and the social fabric and it is interesting to retrace the timeline to see what prompted changes in the business in addition to people.

Llew's story began with an invitation from a local delicatessen owner to test-sell his home-made bread, an invitation that was expanded to have use of unused

capacity in a refrigerated van that was used to ferry produce from markets in London. During this time Llew was actively experimenting with baking consistently and reliably to other people's deadlines, as he described it. He was still applying for other jobs, developing his distribution business, and actively thinking through what he wanted and what was viable.

During this time, Llew benefited from other proactive help as well. His sister made him a gift of a two-week course in bread-making and his flour millers responded to his many questions by inviting him into their test-lab. Luckily, around the time that van was no longer available because the delicatessen was changing hands, another pub owner initially exchanged bread for beer and then offered Llew a spot selling bread directly to customers in the pub.

While the connection with people and, in this case, the generosity of people is so clear, in this period of the business' development we see other factors as well. Llew was bringing forward an identity as a talented bread-maker and was actively and consciously learning to be a baker which has quite different demands, particularly the need to express skill in a situation defined by the needs of others. It is extremely unlikely that any of the people would have made the offers they had, if he had not been so active, though we might note that at the time his self-identity was insecure. He had not totally given up his career in IT and he did not feel his command of the food business and knowledge of the local economy was adequate to assess the viability of a real bread business or to plunge directly into the business. We see a very fuzzy period where, in real time, events could have gone in any direction. There is a "feeling of the way" that seems more effectual than causative, and this is worth exploring further.

As the story moves forward and Llew is now selling bread on Friday nights in a popular pub, the next turning point was a prompt from his wife, a successful manager, to sell through people who were not his friends. Llew quite quickly replicated this retail model with other pubs in the area settling in to two others with one of those, twice a week. A further pub took all its unsold bread and froze it for later use in their restaurant. This stage of development is more causative and was prompted by a “stakeholder”, i.e., Llew’s wife.

The next memorable events were the breaking of his shoulder and the slowing of growth over some months with this period ending in his surgery and the coincidental loss of the business to the pub which had previously taken his excess bread as they gave up their pub lease and left town. At the time, these events would have been agonizing as Llew tried to estimate the effects of not being available to his nascent market and losing the cushion of never having waste. In retrospect, it was a good test of the market but not a test small business people would make voluntarily. We see again the ability to work through terrible indecision and uncertainty but, in the long term, this was an important experience in testing one’s commitment to a venture and the ability to withstand exogenous shocks that are inevitable. Indeed, what Llew took away from this experience was a sense of how vulnerable he was and how important it was not to make any financial commitments that could not be sustained in bad times. That is, he took on a clear commitment to what the effectuation literature calls “affordable loss”.

An event with a happier outcome was baking for the local summer food festival. Llew supplied several food outlets with bread and had his own stall. This experience convinced him that he had the capacity to bake at scale. On the strength of this success, he rented a stall at the monthly Farmers’ Market and was able to

recoup his investment in gazebo, tables and baskets in two Sundays of trading. We appear to see Llew's sense that his skill to bake in volumes and his understanding of the market was sufficient to make investments and to carry them through successfully.

Wanting to develop commercial premises, the process was drawn out and moved slowly forward with set-backs along the way as family calamity struck. Llew's family was willing to back the process, investing their capital in property and using the proceeds to underwrite working capital at commercial rates but without the intrusion of banks and external investors. Finding and upgrading commercial premises took time and further outlay and it is here where Llew's long preparation, association with other real bread makers, his learning from other food outlets and food purveyors, and his willingness to read the legislation was helpful. He achieved a five-star rating on the first municipal health inspection.

Now running a business selling four nights a week and on the first Sunday of every month, he charges himself with procrastination.

We see through the timeline increasing independence, so to speak, but also perhaps why Llew figures people so highly in his account and yet, when asked about people another way, he thinks of the business in other terms. His active inquiry, his willingness to learn standards of the trade and to work toward them, his constant testing of the depth of his skill base and the viability of the business, and indeed his active situating of the business in the community and in his family's affairs means he remembers that process keenly as indeed he remembers pure bad luck, or in more formal terms, exogenous shocks such as breaking his shoulder.

Indeed, his answers to my check questions seem to support this centrality of his action models. He wouldn't allow someone else run the business though his wife

does sometimes sell from the market stalls. If he started his business again today, he would secure as much business and baking training as possible. Llew maintains a retail model which keeps him in contact with customers helping him to deliver real bread rather than a cost-driven copy of real bread and he is part of a wider community of practice. It was interesting though that the business seems to become more causative rather than less and I will turn below to what we learn from Llew as scholars.

## Discussion

**Overview of the findings.** This study added a further layer to the methodological matrix by varying the experience of the micro-entrepreneur (Table 5). This additional layer allows us to distinguish which methods “work” and what to make of the surprises in the empirical results.

**Table 5. Results of both single case studies across methods of data collection**

Case Study	Focus	Data Collection		
		<i>Recounting</i>	<i>Cross-Checks</i>	<i>Summative Checks</i>
Experienced entrepreneur	Changes?	Lots  ± Two p.a.	None  Possibly abandoning online sales	Caretaker must have day-to-day experience of <i>this</i> business. Frame the goal as well as you can and be maximally energetic.
	People?	Very few	None	
Inexperienced entrepreneur	Changes?	Lots  ± One p.a.	None	Caretaker must have knowledge and experience of this business. Learn everything you can to develop an “honest product”.
	People?	Lots	None Spouse	

**Methodological observations.** From the fully extended matrix (Table 5), we see that the recounting was generative about changes in the businesses. The cross-checks produced lists of changes in neither study. The summative questions produced pragmatic answers in both studies endorsing the list of changes. The pattern of results over the methods suggests that a need to account for the failure of the cross-check questions but it seems otherwise reasonable to proceed on the basis that the recounting produces sufficiently trustworthy data to initiate analysis about the frequency of changes (RQ1) and triggers of changes (RQ3).

That the recounting produced information about people in only one recounting and in neither of the cross-check questions suggests that it is role of people in the development of a micro-enterprise that is the issue and not the method of recounting. That does not resolve the failure of the cross-checks though. To do that we need to inspect the roles that people in the business other than triggering change and the nature of other triggers of change (RQ3).

The two studies combined in this systematic convergent-divergent multi-method design prompt an abductive search for an explanation.

**Substantive conclusions about change.** With more confidence now in the method of recounting, we are able to bring forward the observation that changes happened frequently but irregularly around once every six months with rate of change slower later in the start-up as the teleological cycles became larger. In this study with a less experienced entrepreneur who began his business earlier in the Great Recession, the general pattern of irregular changes slowing as the micro-enterprise became better established was repeated but changes were a little slower overall extending the rate of change from around one in six months to once a year.



**Inductive reasoning about triggers.** The inductive reasoning conducted separately for each study about the role of people on the one hand and the surprising lack of changes triggered by surprise on the other converge and fruitfully challenge the manner of conceptualizing opportunity creation.

Noticeable in this study, as with Study One, intense attention is given to being close to the customer and there is heavy investment in the retail model. It seems very likely that this intense focus on retail contains variation at source and that contributes to the sense that people trigger neither disruptive nor memorable changes.

In this study, slightly differently from Study One, but in the same vein, Llew emphasized a process of learning and gaining efficiency. His story line was more one of continuity than change of a disruptive kind. Changes did not seem to cause abrupt reorganizations but “step ups”. We can have more confidence in this interpretation because a similar process seemed to be present in Study One. Max, the micro-entrepreneur in that study appeared to work a plan until it offered no further room for growth. Rather than an exogenous trigger, the trigger seemed to be the “exhaustion” of a plan, or in more contemporary language, in entropy falling below an optimal level.

**Combination of the studies and suggestions for further analysis.** Llew’s study extended the convergent-divergent multi-method design by adding a comparative layer based on expertise. Reading the case of his micro-enterprise, we can accept the recounting with some confidence but note the failure of both the cross-check questions. We can accept one of the propositions inherent in Sarasvathy and Venkataraman’s (2011) quotation that prompted this study that opportunity is outcome rather than a precursor of entrepreneurial action but we might reject the

second proposition. People, it seems, are not a precursor of the changes in business activity but take their position as one part, albeit an important part, of a micro-entrepreneur's action model. Additionally, the failure of the cross-check questions that are commonplace in the study of work place behaviour suggests our long dependency on surprise as being both a trigger and mark of change should be considered, without irony, as being a trigger to reconsidering the theory guiding this study. The relationship between these results, the theory of opportunity creation and the pragmatic underpinnings will be considered more fully in the final chapter.

## **Combined Discussion & Conclusions**

### **The purpose, design, and main findings**

The two studies presented in this dissertation demonstrate the idea of opportunity being created, i.e., being an outcome rather than a precursor of entrepreneurship (Sarasvathy, 2001). Changes in the business activity of micro-enterprises were taken as a proxy of changes in opportunity and the changes in opportunity were construed as a process, i.e., with the entity changing in-and-of-itself (McMullen and Dimov, 2013; Mohr, 1982). With each case studied separately, and the opportunity by definition not being known at the outset, the situation in Van de Ven and Poole's terms (1995) was one of a single entity and an indeterminate outcome with the motor of change considered to be teleological. The teleological lens provided an analytical strategy that is consistent with the focus on the entrepreneur's actions (see Frese and Zapf, 1994), the treatment of change as being of the entity as a whole that is implicit in the quotation from Sarasvathy and Venkataraman (2011) that is the focus of this dissertation, the conditions of micro-enterprises that allow us to treat the entrepreneur's actions, business activity and opportunity as proxies for each other, and the pragmatic theory underlying the notion of opportunity creation (Sarasvathy, 2001).

To capture the start-up over several years, I worked with each micro-entrepreneur separately in the spirit of engaged scholarship (Van de Ven, 2007) to reconstruct the timeline of the start-up. Unlike the reservations that we would have about bias in research that seeks to represent the world, the pragmatic approach privileges the active recombination of past, present, and future (Morgan, 2014) and expects that versions of events will change in the retelling and in passing of information from entrepreneur to researcher. Retrospective accounts thus are

accurate in the moment. That they change from moment-to-moment and in passing from one person to another is regarded as healthy and good research.

The primary data collection was a very lightly structured interview of approximately one hour in which the timeline was reconstructed on a whiteboard in full view of the micro-entrepreneur. The recounting of the start-up was immediately followed by several checks in a convergent-divergent multi-method design, i.e., the quality control of research began in the field. Additionally, the story of the start-up was written out in full within 24 hours of the interview to preserve the record and as a further check on the relationship between the teleological cycles recorded on the whiteboard, the details, and the links to context. The write-ups are presented at Appendices F and G to provide a permanent data set.

At the outset of the study, the novelty of researching changes in opportunity and the rarity of process studies generally and specifically in entrepreneurship (e.g., McMullen and Dimov, 2013) had led me to believe that observing changes in opportunity was hard. It was thus pleasing that both micro-entrepreneurs reconstructed their start-ups over several years comfortably and the main question was answered in the positive. It seems that opportunities seen through a proxy of entrepreneurial activity do arise and it is relatively easy, at least in a micro-enterprise, to observe them.

The second question that changes would be triggered by people seemed initially to be more straightforward, was answered very surprisingly in the negative, or at least, not affirmed. Additionally, a common form of cross-check question based on the presumption that surprise, change and disruption are memorable also failed despite changes having been described only moments earlier.

Having the most commonplace notions contradicted in the field demonstrates the value of having a convergent-divergent multi-method design embedded in the data collection but was so surprising that the negative results are possibly the more valuable outcome of the study than the answer to the primary question of whether opportunity changes. Consequently, I will address these surprises in the next section and return to the substantive empirical results and their implications afterwards.

### **Surprises and conundrums to be solved**

The two surprises were that people did not seem to play an important role in prompting disruption and change, and that changes in the business recounted in the unstructured interview and recorded in sight of the micro-entrepreneur on whiteboards were not recalled when they were asked directly (with the whiteboards still visible). With these surprises, an abductive inspection of the recounting in the first study suggested that I needed to separate two alternative explanations.

The first possible explanation for the absence of people was that the recounting method was not detecting people. The second possible explanation was that the micro-entrepreneur was so skilled and experienced that variations caused by people were absorbed within an exceptionally strong retail model and the depth of his experience that allowed him to respond to variations without “breaking his stride” so to speak. To test the possibility that the impact of people was buffered by his expertise, the second study was pursued with the a second less experienced micro-entrepreneur but with the same protocol otherwise.

In the second study that followed, people were mentioned liberally in recounting the start-up in the minimally structured interview but were not recalled when asked directly. These results when combined with the first study suggest that the recounting method is not responsible for not eliciting information about people

and it may be more profitable to consider the lack of prominence about people as a theoretical question. Before pursuing that line, I will attend to the second methodological puzzle.

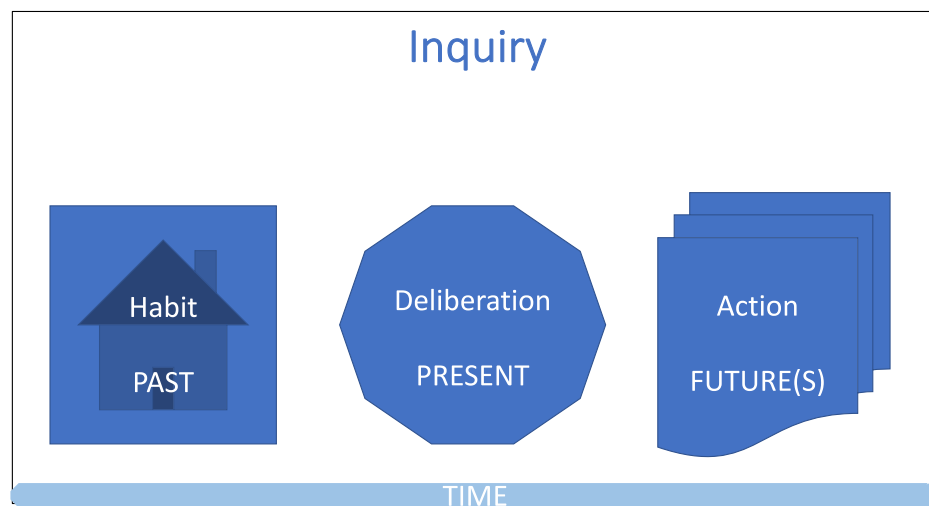
The notion that surprises cause change in the teleological cycle prompting conscious attention (Miller et al., 1986) and the converse that provoking surprise can surface skills long consigned to subconscious attention (Ericsson and Simon, 1980) is so well used in work & organizational psychology and cognate disciplines of education, organizational behaviour and management that asking for a list of surprises immediately after the recounting was the first choice for the cross-check questions. The failure of this technique in Study One raised two possibilities – that there had been no changes in business activity or the method had been executed incorrectly. The failure of these questions in the second study, for both changes and people who had been mentioned in the recounting, while the recounting and summative checks worked in both studies, suggests it would be fruitful to return to first principles alongside the theoretical consideration of the absence of people. To do this, I revisited the pragmatic base of the study.

### **Pragmatic theory and entrepreneurship**

Sarasvathy's (2001) work on effectuation arose from empirical work in Simon's lab at Carnegie Mellon and from the outset was based on American Pragmatism, less well known in Europe and occluded from the sight of undergraduate and graduate students by the overdependence on a one dimensional presentation of alternative frameworks that set positivism against social constructivism (see e.g., Easterby-Smith et al., 2008).

European approaches other than new 'flat ontologies' (see Latour, 2005) tend to privilege accounts based on multiple levels of analysis, for example, where agency

and structure are set in tension (Farjoun et al., 2015). Separating the sociological and economic from micro levels of individuals and business provides some useful information but tends to cast people (i.e., people other than the entrepreneur) as external to the business at another level of analysis or as precursor to the entrepreneurship. Equally, the precept of pragmatism that what matters and counts as knowledge is that which works (Morgan, 2014) becomes celebrated as expedience and narrowing rather than broadening of the possibilities in any situation. This debate covers such a broad range of literature that I attempt here, at the risk of oversimplifying, to present the models schematically (Figure 3 through Figure 7) so that we can visualize where people would be situated in different frameworks and what it means to say that pragmatism values versatility and then from that vantage point, address the surprises in the results.



**Figure 3. Pragmatism's foundational schema**

Figure 3 presents the foundational schema of pragmatism describing the world temporally as the past which relates to the present through habits (Rosiek, 2003) that should be thought of as learned skills rather than as in the common sense

of mindless unwanted behaviour. Aspects of the world to which we are unaccustomed are represented in the same temporal position as habits because though the pragmatism is concerned with the actions of the focal person, the micro-entrepreneur in this case, pragmatism does not in any way suggest that the actions of other people and things or their aggregates are immaterial, so to speak.

The future is presented in this diagram on the right to match path diagrams that we see in the literature and action been overlaid here (see Gielnik et al., 2015 for an example). The present is in the middle and represented as deliberation.

To bring out pragmatism's focus on the present, the temporal foci of commonly used paradigms are contrasted in Table 6.

**Table 6. Contrasting the temporal forms of common paradigms**

Paradigm	Habit	Deliberation	Action
Interpretivism	Where we came from . . .	Discovered by what is Present	
Future and interpretivism		Everyday activities allow {passive / inauthentic / authentic} choices . . .	Guiding us to the correct Future
Positivist-inspired models		How much of the Present promotes	One particular Future
Pragmatism	How where we came from . . .	And the many features found by acting in the Present	Suggest potential Futures

Interpretivism, a common framework in exploratory work, can be said to explore the present, very much to elucidate habits and wider social forces that represent the past in their durability and persistence. Though rarely presented, a fuller Heideggerian view allows that we do not react deterministically to wider



forces or even to our own habits but that we make choices passively / authentically / inauthentically, i.e., against an external standard set by others and against a sense of what the future should be (D'Agnese, 2018).

Positivism in the realm of management and action might be construed as focusing on how much of the present contributes to a narrowly defined future. In the context of entrepreneurship, research is often framed as whether characteristics of the present such as migrant status, or a style of behaviour represented by business practices, or meta-characteristics of action planning such as the quality of plans, predict whether a start-up succeeds (see Gielnik et al., 2015; Rauch and Frese, 2007).

Without trying to set up a measuring stick of what research should be, a move that would be antithetical to an ethos of pragmatism, pragmatism attempts to bridge past, present and future (Morgan, 2014). Pragmatism is not about accounting for everything; it focuses on an actor, an entrepreneur say, reframing the situation and having the versatility to perceive multiple goals. There is largely a difference in focus between the paradigms but I hope in presenting this schematically that it is easier to see where social forces might be considered and why it is conceivable that change is not led by disruption initiated by other people.

In pragmatism, social forces are partially part of the past and exogenous. But they can also be part of the present and the endogenous framing of present, informing futures discovered through action, and that come about through action (Morgan, 2014; Rosiek, 2003). The point is not well made when writing abstractly and it is the strong retail models in the accounts of both entrepreneurs in my two studies that show the positioning of people within rather than exogenously to entrepreneurship. This reading should not be over-stated though. Of course, exogenous forces exist but in pragmatism there is more interest in how entrepreneurs

incorporate them into the schema of how the world works. In this regard, we also value institutional education. Of course, it is helpful to understand institutional recipes but they are not the focus. I turn now to how this consideration reframed my understanding of the quotation from Sarasvathy and Venkataraman with which I opened the dissertation.

### **Reframing my understanding**

I would now regard my initial framing of people as triggers of change as misguided and would regard it as more useful to research entrepreneurial action by paying attention to the action models of entrepreneurs that may be far more sophisticated than we believe. To advance this idea with a concrete proposal, we might say examine the variation of retail models across micro-entrepreneurs in a large market in an African city. The value of this insight is to move the focus of people as a disruptive exogenous force to within the active action models of the entrepreneurs.

Further, close readings of the recounting of the start-ups from the two micro-entrepreneurs suggested that changes in teleological cycles are not prompted by disruption. Sarasvathy and Venkataraman (2011) did not even tacitly suggest that they are and this insight pertains more to a widely held idea that we adapt our teleological cycles when we receive negative exogenous feedback.

Rather, in the first account it seemed that action models exhausted their usefulness and it was the lessening of entropy rather than negative exogenous feedback that prompted change. A similar close reading of the second account led to a sense of continuity being asserted by the micro-entrepreneur. This sense of the motor of change being endogenous suggested the prompting of changes in the teleological cycle comes from within not without. This should not be over-stated

based on two case studies, but nonetheless leads to the fruitful idea to reassert pragmatism as model.

The initial challenge was to observe changes in the teleological cycle (Miller et al., 1986; Frese and Zapf, 1994; Van de Ven and Poole, 1995). These appeared to occur irregularly, as pragmatic models would expect and to give some rules-of-thumb, more often at the beginning when teleological cycles are smaller and around every six months over the life of the start-ups. The success of observing changing teleological cycles emboldens me to pursue practical ideas for encouraging entrepreneurs to “build a bridge while working on it” or in another catch-phrase, “start before they are ready”. It is nonetheless very difficult to begin when we have more questions than answers and further research should be directed at the self-talk entrepreneurs use in the early stages when they are not just being swept along with the busy-ness of running a small enterprise.

The wider advice is to have a coach and to pursue a vision and these are good counsel as is the advice to use a James-like notion of having faith in one’s destiny. Nothing written here precludes the value of these procedures but theoretically they obscure the idea that opportunity does not yet exist and when we are acutely aware of no manifest opportunity that we find it hard to act. We return then to the advice of Sarasvathy to pursue what you think you can do (self-efficacy), pick a project that you can afford (affordable loss) and build alliances with others (Sarasvathy, 2001). This concentration on the present and greater inspection of means-ends relationships through action is the hallmark of pragmatism. There are clearly ample experimental opportunities to explore how illuminating one’s understanding of means-ends might be used not just or primarily to achieve a predefined goal but to understand the

relationships between who and what is here and through that amplification, find opportunities for action.

### **Limitations of the study**

**Boundary conditions.** While any exploratory research should not be presented in representational terms with a claim rather than a proposition that the findings would be repeated in other settings, there are additionally three features of these studies which are likely to be boundary conditions for the methodology.

**Location.** The first limitation is that both micro-enterprises started-up in the south-east of England albeit at the most northern part and in the Great Recession. There are so many factors that the two micro-enterprises have in common that we might find they are relevant when other start-ups are studied.

**Proficiency in field work methods.** The second is that I am an experienced researcher, university teacher, and work & organizational psychologist. There are many aspects to this field work that need to be over-learned to be used in real time in the field including listening for an hour with little interpretation, taking notes on a whiteboard and recognizing teleological action, and having the resilience to proceed immediately to a rewriting phase within 24 hours or less. There is room here to conduct simple studies on how easy the method is to use in the hands of a novice.

**Size of the enterprise.** The third and most important limitation is that the design relies on entrepreneurial activity, business activity, and opportunity creation being so close to each other in a micro-enterprise that we can treat them as proxies of each other. The research design in a larger enterprise would be very much more complicated.

**Failure of the cross-check question.** In terms of the methodological results, a simple alternative interpretation would be worth testing experimentally, i.e., to use

the cross-check question not immediately after a recounting. It is possible that the results seen here are solely a methodological artefact. A similar test of the effects of the methods might be to explore if different answers are found if the order of methods was reversed.

**Pragmatism is not the only paradigm.** And lastly researchers should not conflate the purposes of different philosophies. If we are not privileging entrepreneurial action or construing knowledge as that which is used in action, then other methodologies should be pursued. While findings from other paradigms might inform our understanding and our ability to act pragmatically, that is with versatility, the reverse is not necessarily true. Action is not of interest to everyone. Indeed, many are antipathetic to descriptions of action. Familiarity with pragmatism is not widespread though it may become more so with the emergence of post-qualitative frameworks (Rosiek, 2003, 2013; Rosiek and Snyder, 2018) and greater consideration of indigenous thought systems.

## **Conclusions**

In conclusion, in two case studies of two micro-enterprises conducted separately and sequentially I observed changes in the teleological cycle underpinning business cycles that are consistent with the notion that opportunities are an outcome and not precursor of entrepreneurship. Additionally, though clearly business activity is transactional and therefore relational, change did not seem to be prompted by people. Thus, it is not exogenous feedback from other people that necessarily triggers change. Rather it seems, but without over-stating the possibility, that changes are not necessarily triggered by disruption. The suggestion from these studies is of an action model outliving its ability to underpin growth and the prompt for change being an endogenous need for entropy. As this is a novel notion, it should

be explored in further research rather than simply asserted on the basis of these studies. In answer to the broad-brush question of whether opportunities are created by entrepreneurs working in response to other people, a counter question to pursue empirically is whether opportunities are created by entrepreneurs that are welcomed by other people.

I very much appreciate the assistance of the two micro-entrepreneurs who contributed accounts of their start-ups and made them available for re-use in the Appendices. I express my thanks to them in helping to put in concrete form the slippery idea of creating opportunity. While there is an abundance of work about entrepreneurial action when an opportunity is considered stable and sufficiently exogenous to be “discovered” (Gielnik et al., 2015; Rauch and Frese, 2007), there is considerably less empirical information about entrepreneurial action when opportunity is “created” particularly when it is to be created without a coach, a role model, or a vision that precedes the start-up. I hope their contributions inspire others to proceed cautiously but to not delay in developing their ideas by putting them into action with the people they intend to serve.

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## Appendix A: Glossary of Place Names

<b>Brighton</b>	A seaside city on the south coast of England and the other side of London from Milton Keynes
<b>Buckinghamshire</b>	A county in England
<b>Cambridge</b>	The university city approximately one hour's drive east of Milton Keynes
<b>England</b>	One of the four nations of the United Kingdom
<b>Heathrow</b>	One of the international airports serving London
<b>Home Counties</b>	Technically the counties surrounding London but often used to refer to counties further north, such as north Bucks, which are in commuting distance of London
<b>London</b>	The capital of United Kingdom
<b>Milton Keynes</b>	A city in north Buckinghamshire
<b>North Bucks</b>	The northern part of the county of Buckinghamshire bordering the formerly industrial East Midlands in the north
<b>Oxford</b>	The university city approximately one hour's drive west of Milton Keynes

## Appendix B: Ethics Review



From Dr Louise Westmarland  
Chair, The Open University Human Research Ethics Committee  
Email Louise.westmarland@open.ac.uk  
Extension 52462

To Jo Jordan OUBS

Subject The challenges of starting-up a business during the Great  
Recession in the United Kingdom

Ref HREC/2016/2326/ Jordan

AMS (Red)

Submitted 06/06/2016

Date 05/07/2016

## Memorandum

This memorandum is to confirm that the research protocol for the above-named research project, as submitted for ethics review, **has been given a favourable opinion** by the Open University Human Research Ethics Committee. Please note that the OU research ethics review procedures are fully compliant with the majority of grant awarding bodies and their Frameworks for Research Ethics.

Please make sure that any question(s) relating to your application and approval are sent to [Research-REC-Review@open.ac.uk](mailto:Research-REC-Review@open.ac.uk) quoting the HREC reference number above. We will endeavour to respond as quickly as possible so that your research is not delayed in any way.

At the conclusion of your project, by the date that you stated in your application, the Committee would like to receive a summary report on the progress of this project, any ethical issues that have arisen and how they have been dealt with.

Kind regards,

Dr Louise Westmarland

Chair OU HREC



Appendix C: Information Form for Participants

## INVITATION TO PARTICIPATE IN RESEARCH



### **The challenges of starting-up a business during the Great Recession in the United Kingdom**

This project is being conducted by Jo Jordan at The Open University Business School. The purpose of the project is to understand the challenges of starting-up a business during the Great Recession in the United Kingdom.

We are looking for a small number of business owners in-and-around Milton Keynes who would be willing to talk us through the journey of their businesses.

We anticipate a conversation of about one and a half hours during which we draw the timeline of your business and find out from you all the 'make or break' points where you made decisions about the nature of the business and your priorities.

Inevitably, talking about your business means talking about other people too. We are keenly interested in knowing how you adjusted to the needs of others and how important this was ultimately to your progress and success.

With respect to your privacy, we will refer to yourself and your business by any name you choose. We will also conceal the identities of any other people or businesses where that is what you want to do. We do not want to collect any financial information or any information about other people's business. We would like to record the interview because hand-written notes are never enough but we will switch off the recorder whenever you so choose.

I will use the information you give me, alongside information given to me by other business owners, and write up a joint report. Initially, this is submitted and examined within the Open University. Ultimately, it is likely to be published in an academic journal. This process takes several years. In the interim, we also present papers at academic conferences. To allow for this long process and to answer questions from other researchers that will arise, the records will be kept at the OU for 10 years in the charge of Professor E Daniel whose address is below.

If you begin the study and then change your mind, in all or in part, we can and will destroy records up to a month after the interview or up to 6 August 2016. After that they will have been written up and have moved along the process to publication. We will show you a copy of what we have written before we go beyond that point, if you wish.

Should I ever be unavailable to answer questions about the study, you may refer back to my supervisors at The Open University Business School, Professor Elizabeth Daniel and Dr Katrina Pritchard. If they are unavailable or cannot answer your concerns, you may also contact the Associate Dean (Research) at The Open Business School.

If you agree to take part, we will meet at times of your choice at the University or in a quiet mutually agreed room close to your business. Before we begin, you will be given a formal consent form stating my obligations to you and listing our contact details and email addresses.

Jo Jordan  
The Open University Business School  
June 2016

#### **Enquiries and Concerns**

Please contact the following people at any time if you have enquiries or concerns about the project –

Jo Jordan (jo.jordan@open.ac.uk)  
Professor Elizabeth Daniel (elizabeth.daniel@open.ac.uk)  
Dr Katrina Pritchard (katrina.pritchard@open.ac.uk)  
Associate Dean (Research), The Open University Business School  
(oubs-research-admin@open.ac.uk) .

Appendix D: Blank Consent Form



**CHALLENGES OF STARTING-UP A BUSINESS DURING THE GREAT RECESSION IN THE  
UNITED KINGDOM**

Name of participant:

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Name of principal investigator(s): JO JORDAN

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1. I consent to participate in this project. The details have been explained to me and I have been provided with a written statement in plain language to keep. (please initial)
2. I understand that my participation will involve an interview of 1-2 hours and some observation of my business and I agree that the researcher may use the results as described in the plain language statement. (please initial)
3. I acknowledge that:
  - a. the possible effects of participating in this research have been explained to my satisfaction; (please initial)
  - b. I have been informed that I am free to withdraw from the project without explanation or prejudice and to request the destruction of any data that have been gathered from me for one month after the interview or 6 August 2016, whichever comes soonest. After this time, data about me will have been processed and it will not be possible to withdraw any unprocessed data I have provided; (please initial)
  - c. the project is for the purpose of research; (please initial)
  - d. I have been informed that the confidentiality of the information I provide will be safeguarded subject to any legal requirements; (please initial)
  - e. I have been informed that with my consent the data generated will be stored by Professor E. Daniel and will be destroyed after ten years; (please initial)
  - f. If necessary any data from me will be referred to by a pseudonym in any publications arising from the research; (please initial)
  - g. I have been informed that a summary copy of the research findings will be forwarded to me, should I request this. (please initial)

I consent to the interview being voice-recorded

☐ **yes** ☐ **no**  
(please tick & initial)

I wish to receive a copy of the summary project report on research findings

☐ **yes** ☐ **no**  
(please tick & initial)

Participant signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Contact Details**

Jo Jordan [jo.jordan@open.ac.uk](mailto:jo.jordan@open.ac.uk)  
Professor Elizabeth Daniel [elizabeth.daniel@open.ac.uk](mailto:elizabeth.daniel@open.ac.uk)  
Dr Katrina Pritchard [katrina.pritchard@open.ac.uk](mailto:katrina.pritchard@open.ac.uk)  
Associate Dean (Research) [oubs-research-admin@open.ac.uk](mailto:oubs-research-admin@open.ac.uk)

Appendix E: Interview Protocol

## INTERVIEW PROTOCOL

The challenges of starting-up a business during the Great Recession in the United Kingdom



*Contain the discussion to the business and how it developed over time. Do not record any financial information that is not public (e.g., prices are public, bank balances are not). Record identities in anonymous terms (e.g., local pub not The Swan). Do not discuss business of other people (e.g., do not engage with speculation about other people's affairs should those come up).*

1. The nature of the research and consent forms
  - 1.1. Present and discuss the invitation
  - 1.2. Present, discuss and sign two copies of the Consent Form
  - 1.3. Indicate the time and procedure for the interview
  - 1.4. Be explicit about turning on the recorder
2. The timeline of the business
  - 2.1. Could you tell me about how the business developed from when it began?
  - 2.2. Mark major points on a whiteboard to help informants put events over the long period since the start-up in order
  - 2.3. Check descriptions by asking for more detail: Could you tell me more about . . . ?
  - 2.4. Check a description is complete by summarizing the incident: So after [... happened], you did [... ]?
  - 2.5. Move on to the next section when the informant clearly has given all the information they think is important.
3. The people of the business
  - 3.1. Can I check through to make sure I understand all the many people involved in one way or another in your business?
  - 3.2. Compile an inventory of the people in the business and probe for people who are no longer mentioned: When you talked about [...], you mentioned [... ]?
  - 3.3. Review for completeness (mentally be able to account for what everyone connected with the business does and who is involved with every part of the business): And that is everyone, then?

Please contact the following people at any time if you have enquiries or concerns about the project –

Jo Jordan (jo.jordan@open.ac.uk)  
Professor Elizabeth Daniel (elizabeth.daniel@open.ac.uk)  
Dr Katrina Pritchard (katrina.pritchard@open.ac.uk)  
Associate Dean (Research), The Open University Business School  
(oubs-research-admin@open.ac.uk) .

## INTERVIEW PROTOCOL

The challenges of starting-up a business during the Great Recession in the United Kingdom



4. The 'make or break' points of the business
  - 4.1. Ask the business owner to go over the time-line and to recap the 'make or break' points: Can I check over the timeline and mark all the times that were 'make or break' for the business?
  - 4.2. Probe who was involved, how the situation came about, how it was resolved and what have been the consequences since then: So [ . . . happened]? You thought [ . . .]? You did [ . . .]? And [ . . .]? And this has turned out to be so important because [ . . .]?
5. Completeness checks
  - 5.1. Indicate the interview is coming to a close and ask two questions
  - 5.2. 'If you were going away and you asked a friend or a partner to run your business in your absence, what would you stress as being very important to get right?'
  - 5.3. 'If you started this business again, what would you do the same and what would you do differently?'
6. Close the interview
  - 6.1. Check whether the informant has anything else to say and wants to terminate the interview
  - 6.2. Ask if they want to check the write-up before submission of the dissertation
  - 6.3. Remind them of the contact details on the consent form and their rights to remove information from the project
  - 6.4. Thank the participant on my own behalf and on behalf of OUBS.

Jo Jordan  
The Open University Business School  
June 2016

Please contact the following people at any time if you have enquiries or concerns about the project –

Jo Jordan (jo.jordan@open.ac.uk)  
Professor Elizabeth Daniel (elizabeth.daniel@open.ac.uk)  
Dr Katrina Pritchard (katrina.pritchard@open.ac.uk)  
Associate Dean (Research), The Open University Business School  
(oubs-research-admin@open.ac.uk) .

## Appendix F: Study One

### **Smoked Garlic: 2013 – 2016**

**In the cold winter of 2013 . . .** In the cold and snowy winter of 2013, Max and Giles speculated on how to improve the quality of smoked garlic available in shops around the village in which they live in north Buckinghamshire in the United Kingdom. Buying the best and largest garlic heads that were available locally, they peeled the heads first and smoked them in the garden in a consumer-grade smoker. Pleased with their product, they asked a local greengrocer to test-sale it and were delighted when he called them back shortly afterwards with a request for a re-stock. Encouraged by the speed at which the garlic had sold, Max and Giles launched a professional-looking website within a month and replicated the first test-sales with five other food purveyors whom they knew in the surrounding towns and villages and where their product also sold quickly. Known for his ebullience, Max also called into a specialist food shop in Brighton while on holiday with his family and secured his first out-of-town customer.

This magical start perhaps belies the misery of that winter. The Great Recession of 2009 – 2013 had depleted energies and even in the best of times, shops and businesses in small towns in England open and shut in demoralising quick succession. The only notable successful expansion in the immediate area was the obliging greengrocer. He had sold his market stall a few years before, moved far north ‘in retirement’, and then had moved back to start a shop-based greengrocer and wholesaling operation in fresh produce that led shortly afterwards to a long-established greengrocer closing their high street frontage. Max himself had sold his own mid-sized delicatessen and café some time before as trading conditions



deteriorated during the recession and had spent one-and-a-half years building up a medium-sized food hall for a prominent local family business before returning to his own ventures. These were perilous times in which small businesses keenly felt the vagaries.

A magical start notwithstanding, Max prevaricated and simultaneously freelanced both as a caterer for weddings and other large private and corporate events, and as an interim manager for an iconic English food brand for whom he launched a specialty shop in one of the cities in the Midlands, a good four hours' round trip from home.

2013 stretched on. Giles travelled to the United States of America and extended his stay. It was his return home that took the business out of early start-up languishing.

**As the winter of 2014 approached . . .** As the second winter approached, a hard-headed assessment of the prospects of the business defined its strength as the margins earned on each head of garlic and its imperative as a 'numbers game'.

Setting a specific goal of 100 customers, the hard slog began of selling through firms that they did not know whom they did not know.

Max put his selling skills into practice and set about visiting every farm shop, delicatessen, and butcher within 50 miles or so of his home village. This was an unrewarding period where he might have had to drive for two miles to make a drop-off. He was also selling to people who did not know him and offering them a product that they had not carried before and that was not a staple in the English diet. Max's selling strategy was two-pronged. First, he prepared a merchandising kit of a basket that showed off his garlic well and merchandising signs on laminated card which explained the product and its origins. The card came in three versions, each offering a different retail price. Second, he cold called. His goal was to place his product in-store to allow the retailer to test-sell it. He always tried to sell a basket

for cash first (with the merchandising literature) but he also readily offered the basket on a sale-or-return basis in which he would return after two weeks to pick up cash for any garlic sold, take away what the shop did not want or replace damaged stock with no quibbles. He also replaced any sold garlic, should that be wanted, but this time for cash. This arrangement allowed Max to merchandise the basket (place it tactically in the store) and to include in the value proposition the onerous small tasks associated with each and every product carried in a store – placing, pricing, labelling, tidying, re-ordering. Removing all risk to the customers was a deliberate policy for overcoming the disadvantages of newness in the market.

Max remembers the 100<sup>th</sup> customer as being achieved after approximately a year.

However, looking at the timeline with a cold external eye, it seems likely that this milestone was achieved some time in 2014, fifteen to eighteen months in.

Importantly, the value proposition was well-developed when their first BHAG<sup>3</sup> was met and it is remembered as being developed while local sales around Milton Keynes were achieved.

The key aspects of the business were in place. Selling on-line had been found to be miniscule compared with face-to-face selling. Only one customer had been lost and this was a café that did not like the aroma of the garlic. Disappointing though this might have been, recalling their product helped to focus their attention on butchers, farm shops and delicatessens. There was some ‘on selling’ in that one branch of a business introduced them to a second branch further afield. Thought there may have been some lack of trust in the offer to replace any goods that were not sold or even damaged within the shop, this promise was honoured meticulously. Max and Giles

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<sup>3</sup> Big Hairy Audacious Goal

nonetheless felt they had exhausted the market potential of the Milton Keynes area and that they had to step-up in some kind of way.

**An easier 2014 . . .** Max and Giles balanced their sense that they had exhausted the potential of the north Bucks market with their earlier insight that to exploit the good margins of smoked garlic they must achieve volumes ('a numbers game') and took the plunge and tackled the London markets. This turned out to be a rewarding decision which was surprising. Max had worked in upmarket food outlets in London in his youth and, having moved to the provinces to serve a market starved of variety, he had assumed the London markets would be much contested and very difficult.

Of course, shops are closer together of course in London and, despite the traffic and parking restrictions, aided by Google Maps, Max and Giles found it was possible to visit ten new clients a day compared with a possible four new clients a day in the counties. Prior to setting off, they were able to find their 'leads' through Google Maps and to plan their route. Relying partly on memory of where they have been previously, they could decide 'on the fly' where to call in and constantly check Google Maps for 'places nearby'.

Their well-developed system of sale-or-return complemented by merchandising services was now indispensable in the even more anonymous big city environment.

They also began to focus on stores with a high-end format that sell English food products. The London market tolerates higher prices and they gradually found a niche in outlets selling English food in high-end format stores presumably to customers with higher disposable income. The proposition to the *retail outlet*, however, stayed the same. Max and Giles took all the risk and absorbed the detailed bitty work of adding a new product to a retail outlet in an offer that 'could not be refused.'

**Professionalizing the business through 2015 and 2016 . . .** With their expansion into London came an ease that had not been in any way evident in that gloomy winter of 2013 and the languishing through the following summer. A routine had been developing in the business and they were able to add finesse to their procedures that developed an even greater ease.

Mondays are reserved for office work. Working off a list, Max and Giles ring up all customers who are open on Monday, marking up orders by hand and compiling delivery schedules for the next three days.

Initially, they mapped routes manually, rethinking every week. Two changes made a huge difference to the use of their time and their perception of stress. First, they found an app in which you voice in the name of the retail outlets. Using the name, the app plots a route and even allocates time that you set yourself, for each sales call such as ten minutes. The app updates during the route adjusting to delays and traffic conditions. Max values this app highly and believes that it saves about one-quarter of his time.

Of course, to use this app, they needed to have a notion of which retailers will be included in a route. On a weekly basis, they know who to include from the orders they have taken over the phone and from their judgement of who might need a visit. After about two years, in what might seem obvious in retrospect, they were able to segment their customers into three routes: London, the East, and the North and West. Through this segmentation, they also clarified their value proposition calling on customers every two weeks. Max attributes this development as important in bringing a sense of stability and order to the business.

Following the Monday planning day, Tuesdays, Wednesdays and Thursdays are spent on the road. On Tuesdays, either Max or Giles leave home at 5.45 am to buy

fresh garlic at Western International Market near Heathrow Airport. After they have finished there, they continue with customer calls in London. The other partner may begin working one of the other routes. Of course, they carry mobile phones and this is the way in which customers reach them. Smoking of the garlic is done on other days or in the evenings. Fridays, one might notice are unallocated and are were used for personal tasks or tasks that cannot be done when on the phone to customers or on the road. They are also regard Fridays as a well-deserved day off after a hard week. In addition to developing their routines, Max and Giles began to sell add-on products that complement the novel or luxury status of smoked garlic. Constantly on the lookout for new products, they have clear commercial criteria which a product has to meet. Each product must have a good margin and a minimum gross profit per unit<sup>4</sup>. All the products are long-life so that they are able to honour their basic value proposition of sale-or-return. Any product that turns out to be slow-moving is removed. Some products are sold seasonally and opportunistically without any intention of being included in the long-term product range.

By mid-2016, additional products included black garlic, paprika, olive oil, honey comb, honey pollen and honey in a soft bottle<sup>5</sup>. The black garlic, paprika and olive oil are imported from Spain. Each of these products is sold with a minimal increase in overhead costs and their gross margins are in a sense ‘pure profit’ to the two owners providing significant and meaningful funds for personal wages and capital expenditure.

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<sup>4</sup> Expressed in pounds but redacted at Max’s request.

<sup>5</sup> Though available on supermarket shelves, honey has developed a reputation of being difficult to get. ‘Local’ honey is particularly prized by sufferers of hay fever.

Though their own products are not ‘VATable’<sup>6</sup>, their Spanish suppliers needed a VAT number. Rather pleasingly, VAT registration allowed them to claim back their diesel (fuel) and vehicle maintenance costs. The number I heard for the annual refund was equivalent to the capital cost of a second hand delivery van.

Max and Giles’ policy on transport also keenly managed their costs. They used ‘white vans’<sup>7</sup> and bought them at a mileage and price point where capital costs, initial repairs and annual servicing were less than annual payments on a new van. Thus they were happy to replace them whenever necessary.

Though most payments are made in cash, Max and Giles take payments in any form. When asked about the clerical load of reconciling payments, I was told they had hired a part-time bookkeeper recently who, in particular, had added an innovation of going through their invoices to list any goods left on a sale-or-return basis and unpaid for, and providing an up-to-date debtors list that was kept on each of the two vans’ dashboards.

**From zero to 250 in three-and-a-half years . . .** After three-and-a-half years, and the indecisive and slow start, Max and Giles have found and nurtured almost 250 customers whom they look after four days a week. With two of them operating the business, they have been able to keep costs down and provide cover for each other, allowing them to take 5-6 weeks holiday a year. Max is extremely pleased with the business in size, stability, and return on his effort. Garlic, now bought from the London market, is still being smoked in consumer smokers with 250% of their original capacity. This small production task can be managed by-the-by as it is done

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<sup>6</sup> VAT is Value Added Tax (similar to Sales Tax)

<sup>7</sup> In the United Kingdom, white vans are the favoured delivery vehicle. There is a large second hand market and they have value as signals of both legitimacy and functionality. For example, they are recognised by parking officials who will allow them 10-20 minutes for offloading where parking and stopping is otherwise penalised. I did notice though that Giles’ white van was actually midnight blue.

within the village in walking distance of both their houses. There was little need for storage as their stocks move quickly.

At the time this information was collected in the summer of 2016, the BREXIT referendum had just been held. Sales were perceived to have dropped, possibly because of loss of consumer confidence. Equally, summer is peak holiday season and any fall off in sales might only be part of a seasonal downturn that they know from previous experience might be as much as 25%. Already during 2016, margins had been under pressure as the price of garlic had risen substantially because of poor weather in Spain. Max was watching the macro-economic environment closely for effects on the business.

Max also had a keen sense of how much spare capacity was left in the business and was constantly thinking through various possibilities such as finding new products, taking on an employee, and franchising out the model. This active rehearsal of possibilities was complemented by Giles' strengths in following up detail and, incidentally, very useful for us as researchers as he had thought through the counterfactuals in which we might be interested. Similarly, the level of attention that produced a picture of a crisply-run business which is at odds with the image of a free-wheeling, swashbuckling entrepreneurship often presented in the media.

### **Who are the people in the business?**

The two people initially mentioned and present throughout the narrative were the co-owners, Max and Giles. A further pivotal player was a local greengrocer who featured less as the story proceeded.

A bookkeeper had been hired but was only mentioned once in the initial interview and in response to a question about an accounting practice that seemed complicated.

When the people in the business were probed in a follow up interview, the

bookkeeper was mentioned again, as the instigator of the ‘aged debtors’ report that is placed in each van. Max’s wife, a successful micro-entrepreneur in her own right, was mentioned but only once with respect to an opinion she had voiced about some intricacies of financial accounting and reporting and again in the second interview as a role model for alternative ways of structuring expansion.

Customers were mentioned generically. Given that part of the purpose of this study was to track situated social influences on a business, I will return to this surprising lack of people several times later.

**Cross-Check: What were the make-or-break points in the business?**

Max responded to the question about make-or-break points with an answer that there had been surprisingly few. The one decision that he remembered well and that persisted in the business was the early launch of a website and the unexpected experience that it was adding little to the development of the business. Around the same time, when he was making a couple of deliveries a week, and well before he had reached his 100 customer milestone, he had investigated the possibility of making deliveries by courier. Max had rapidly come to the conclusion that the cost of protective and promotional packaging, courier fees and time did not make running an online business cost-effective. Importantly for wider expectations about the digital economy, he had come to this conclusion despite his location in north Bucks, ten miles from any sizeable town and over an hour’s drive from larger metropolitan centres such as London, Oxford and Cambridge.

As the business began to take shape, Max found no reason to revisit the decision to market personally and, indeed, continues to be pleased with it. Because of his commitment to face-to-face service, he was able to step into a sale-or-return policy. Central to his marketing proposition was removing the bitty work of managing a new



product, particularly when the product is not an essential product to the outlets, and the owners need to be physically present to do the tasks. Personal knowledge of the shops and a good memory, that he affectionately claims that his partner Giles does not have, allows him to adjust his approach and service slightly for each customer. Moreover, though he was an experienced retailer, he believes that he now has a much greater understanding of the needs of his customers as retailers.

Though Max did not spontaneously report other make-or-break decisions, there were clearly many: the decision to smoke garlic, the first market test, the next five tests, the hard-headed decision to increase volumes and to find 100 customers, and the entry into London. At some point, he bought his first white van. The business currently owns two and has bought three in three years.

Additionally, he has added and discarded a product, decided to buy the garlic at market and to import some products from Spain. Beginning to import led to VAT registration and a substantial annual refund for his transport costs. Max and Giles have recently retained a part-time bookkeeper.

As Max spoke on, he was freely generating the principles of the business. He often used the phrase 'it goes back to the beginning' by which he meant the feature he was discussing was a core principle of the business. The features included the good quality product, the simple but attractive merchandising, coaching businesses on the price point, and having alternative displays ready, reducing risk almost to zero by offering a sale-or-return, and offering the first basket on a trial basis. The owners phone their customers predictably to take orders and their personal knowledge of the outlets leads to an intuitive sense of who needs a visit. Max estimated that 70% of visits lead to sales in excess of what was requested over the telephone.

Max also appreciated the streamlining of the business. He particularly enjoyed moving from generic invoice books to printed invoice pads that contained their contact information and prelisted their products. Though very variable, a sales visit takes approximately ten minutes per store.

In later discussions, Max also identified as a critical decision the segmenting of their customers into three routes: London, local and the East, and the North and the West. This decision was made after they had begun working in London and added order and predictability to the business that was partially based on understanding the rhythms of the market and appreciating that there was not the urgency to a long-shelf life non-essential food item with multiple almost identical customers that there is when catering for a wedding or if the customer base has a Pareto distribution.<sup>8</sup>

During a follow-up visit, Max remembered he uses a smartphone app to plot his route that saves around 25% of his time. Once the Monday phone calls have been made and the lists marked up with a separate colour for each of the three 'routes', he is able to voice the name of the outlet into his phone which plots the best route for him and updates it as the day goes on.

By my estimate, a major decision was made at least every six months and a number of serious tactical decisions had been made suggesting that business changed every month or six weeks. In the case of this business, the changes seem not only to lead to forward momentum but also to a multiplying effect where other decisions become easier as a consequence. For example, the aggregation of customers led to a need for segmentation and it was this segmentation that made using the route mapping app possible.

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<sup>8</sup> In a Pareto distribution, 20% of customers account for 80% of sales.

Max is also actively anticipating future decisions, such as taking on an employee, without becoming anxious about them or acting in ways that might pre-empt moving in one direction or another.

### **Summative questions**

To explore my own understanding of the development of the business, I asked two summative questions. In answer to the question about the instructions he would give to someone caretaking the business in his absence, Max's answer was that the situation would not arise. He trusted his business partner fully and they covered for each other, 'working like the Dickens' when the other was away. I will return to the question of hiring an employee later. In short, the business was designed so that two people knew it intimately.

In reply to the question of what he would do differently if he started the business again, Max answered 'confidence'. Though Max was a highly experienced retailer, had started a business before, and was known for extraordinary ability to merchandise and sell, he had initially doubted his ability. He had commented about needing a 'thick skin', feeling like an unwanted nuisance as he entered the short-time cycle pressured environment of a shop, and dealing with unpleasant people. In terms of starting again, the key requirement was confidence.

I then added a third summative question and asked what advice Max would give to someone who was starting-up. His advice to other entrepreneurs was pithy. Find a product that is being undersold and put everything you have into developing the market. His greatest regret is not having had the confidence to 'blitz' the market in the summer of 2013. When questioned whether this would have worked as peak sales of garlic are in the winter months, he responded that he had only worked that after around two years of trading. Given that Max is a very experienced food

retailer, this shows the importance of action for creating knowledge and ultimately shaping a business.

**Are people associated with make-or-break points?**

Max is an extremely positive person and it is noticeable that the people retained in the story contributed hugely to the business. His business partner has been with him throughout and he readily credited Giles with attention to detail and improvement of office systems that created much of the ease in the business. He maintains his relationships with people and though the greengrocer figured less in the story as this business became bigger, Max nominated him as another informant for this research. Though his bookkeeper had been with them for a short time, he had adopted one of her innovations and carried the aged debtors' report with him on his travels three times a week.

Noticeably, very few crises were promoted by suppliers, customers, or other stakeholders. The business was self-financed, which was probably the only choice in the winter of 2013. Spanish suppliers had provoked VAT registration that turned out to be beneficial.

Customers were there to be served and importantly served as business people. Max spoke repeatedly about managing risks on their behalf and ensuring that everyone in their supply chain made money. He paid his bills to suppliers promptly for the same reason. The sense that both he and his partner had a fair return on their effort, both of them taking a regular wage from the business, was an important element in his happiness with the business.

Importantly, Max watches the pattern of lost customers very carefully. He estimates that he has lost 30 customers out of close to 250 and those losses were due to a shop closing down, management changing, and factors not attributable to service.

He regards his role as sharing his confidence in a good product with his customers, the retailers, so that they in turn are confident about sharing it with their customers, the consumers. He did see part of his role as ‘educating’ and in that sense, a strong sense of community building ran through his appreciation of the business.

**Are make-or-break decisions associated with people?**

When asked directly, Max only recalled one make-or-break decision and that was to forsake the notion of an online, courier-delivered business and to pursue sales face-to-face. Going through the timeline, I was able to identify other points where the business changed significantly and established or re-established forward momentum. Just as people were not associated with turning points, taking the turning points in chronological order, they are not, in the main, associated with exogenous pressures of other people.

The very first decision was to try to smoke garlic and was initiated partly by Max’s extensive knowledge of food, a playful nature, and to some extent the social capital of a friend with whom he had worked in the past. This using of a backyard smoker to experiment is an example of bricolage. While not necessarily prompted by people, it benefited from an understanding of food in a social and technical way and the presence of a friend.

The early requests to ask first one and then a further five traders already known to Max to test-sell the product also clearly depends upon knowledge of retail and the social capital of being very friendly and having an enormous local reputation as a food vendor whose judgement is trustworthy. Equally, Max was relying on his associates’ competence as retailers to test-sell his product effectively and he trusted their feedback.

The turning point that he remembers is one that did not go well. After the first very positive test-sales, Max and his co-owner Giles launched a very good website but found it stimulated and supported sales very little, if at all. Max also investigated the possibility of delivering his product by courier and found it to be too expensive.

This was a counter-intuitive decision, perhaps, given the excitement about the digital economy and the distance of his village from markets. This decision to interact personally with customers was not initiated by other people but was an important design choice that could explain the absence of people-initiated crises. It turned out to be a wise decision and probably one only made by someone with both extensive retail experience and self-efficacy as a sales person, even though his confidence was at a low ebb at that time.

The next major decision was the setting of an arbitrary goal to achieve 100 customers. Apparently causative, it is an arbitrarily set goal to focus motivation. It was thoroughly hard-headed in noting that the margins in the garlic business are exceptionally good but that to anchor a small business, volumes were needed.

Though seemingly prompted by discussions between the owners and the return from Giles from America, it was also prompted by the end of Max's contract as an interim manager. Arguably, the decision to throw everything at the business was the most pivotal decision.

After a gruelling winter with much driving each day, Max's investment in the goal of 100 customers would probably not be permitted by a going concern. He often had to drive a couple of hours each way to make a drop-off making each customer a loss-making proposition. Nonetheless, the accumulation of 100 customers was proof of concept that he needed as much as those early sales. This relentless pursuit of what seems financially undesirable with a strong interest in people is often the hallmark of

popular stories of venture development and, though counterintuitive to those of us who have not started up businesses, might well reflect underlying expertise in business development.

The next counter-intuitive goal was to enter the London markets. All Max's early career experience suggested that this would be a more difficult market than the provinces and hence it was a pleasant surprise to find his assessment to be quite wrong. It is true that the use of Google Maps makes a big difference as a substitute for the time-intensive task of finding leads and satellite navigation helps to navigate the congested streets. His earlier development of his value proposition in which he and Giles absorbed the risks and time implications of a new product were thus very important for penetrating the market as outsiders – that and the willingness to do an old fashioned street hustle that depends on shoe leather and the willingness to take rebuff.

The painfulness of rebuffs was mentioned by Max several times at various points of his story and he characterizes the development of the business as a 'journey' from 'cold calling' to 'customer service'. He remembers rebuffing travelling salespeople when he was a retailer and knew he would be treated with the same contempt as an unwanted intrusion into the tight time cycle of life on a retail floor where one more task is inevitable but never welcome.

Though still pained by a status that is not immediately favourable, Max is articulate and regaling in how to engage new customers and the ethics of entering a busy shop. Rather than step out and return when the retailer is not busy, which never happens, Max puts on a little bit of show. Customer often try to buy from him and, these being small shops, he asks the staff to run the sale through the till allowing them to take profit immediately. The principles here are not to disrupt the shop, not to make

a sale in another person's shop, to channel customer loyalty to the shop, and ultimately to increase the likelihood of the retailer accepting a trial basket and displaying it prominently as they experience immediately the high customer demand and per item margins. This is social to be sure, and though relying on his experience in retail and promotion amassed over the years, has been elaborated and brought to the front of his mind while working on this venture. We see an ability to manage the complex interactions in his work with the retailer and the retailer's customers. His decision to sell personally and his expertise might underpin the absence of customer-provoked crises and any subsequent influence on the make-or-break decisions that shape the business.

Now in the summer of 2016, almost three-and-a-half years after the first test-sale, Max and Giles are consolidating a business that provides a small but reliable income for four days' work a week in which they are their own bosses. Max is already looking forward to the next expansion. The add-on products almost double their income without expanding their overhead base and new products that fit the pattern of the business as high-end, high margin, fast moving products are always being sought and tested.

Max is also testing the alternatives for expansion conceptually. The two ideas that he spoke about are taking on an employee and running a franchise. This pretesting of possibilities provides useful counterfactuals for us but importantly allows him to act proactively rather than reactively as my research question implied in its assumption that people provoke change. Interestingly, in terms of understanding the firm's business model, he was convinced he could teach an employee how to copy him within a month and he felt a franchise model would not work without very good legal framing of any agreement because it is too easy for the franchisee to make the



business their own. Seemingly contradictory, both suggest immediate presence, or ‘embodiment’ is necessary in the business, but that this knowledge is easily learned by those who put the time in, particularly when they have an able and motivated coach.

Looking back over the three-and-a-half years since the early months of 2013, Max and Giles have made several decisions that would be the pride of any formally trained management consultant. They segmented their customers into routes allowing them to sharpen their value proposition and streamline their planning and efforts. That decision facilitated the adoption of a route-making app that massively cuts down on planning time and moreover is activated by voice. They work off lists and have a weekly pattern of activity. They have recently retained a bookkeeper and adopted the aged debtors’ report that she prepares for them. Registering for VAT turned out to be a delight. Refunds for their travelling costs are of the order of a replacement vehicle each year that they buy for cash. Other than the stimulation to register for VAT and the supply of an aged debtors’ report, all these changes seem to be stimulated by the willingness to enhance their own mental models and the needs, if not the rewards, of more efficiency. The predictability and transparency of the business reduces stress and time. Working four days a week with ample time for holidays is very valuable.

### **Preliminary Analysis and Evaluation**

In summarizing what we have learned from this case study, we can see the development of a business over three-and-a-half years. By taking the entire journey as a whole, we can interpret any one event in terms of the eventual outcome which is the hallmark of process theory.

**How often were make-or-break questions experienced?** The first guiding question was to ask about the frequency of make-or-break decisions. Though Max clearly did not think in terms of make-or-break decisions, with this method we can see the various shapes of the business as it developed over the three-and-a-half years. Approximately once every six months, the business underwent a step change in size and in each case, it was nigh impossible to predict whether the step change would succeed without putting the plan into practice. Each of these decisions required the celebrated self-efficacy of entrepreneurs in that they believe not in the outcome, as self-efficacy does not predict the outcome of a task, but in their ability to conduct a thorough test and to achieve the outcome if the outcome is indeed possible.

**Are people in the business associated with make-or-break points?** Following my second guiding question, Max, the most gregarious of people did not mention many people and that surprised even him. Interestingly, customers were almost an anonymous group. It is not surprising then that in following through the second question, people were not associated with make-or-break points.

Looking closely at the full account, though, we see some extraordinarily shrewd organizational design. The early decision to forgo online solutions and associated courier-delivery continued the face-to-face model initiated in the test-sales and ultimately provided a basis for overcoming newness in the market. The willingness to ‘do the work’ themselves kept the owners close to the market and allows small modifications whenever they are needed. This is the pinnacle of organizational design – to provide a structure which allows variance to be dealt with to the satisfaction of everyone rather than to have a problem escalate into a crisis that requires redesign or the use of resources not originally allocated to the transaction.

Max watches the pattern of lost customers very carefully. His spontaneous offering of estimates that he has lost 30 customers out of close to 250 and those were due to a shop closing down, management changing, and factors not attributable to service suggests the structure of the retail model is both effective and intentional and that the role of retail models in entrepreneurial thinking is a research question worth pursuing.

### **Are make-or-break points associated with people?**

Moving on to the third guiding question, to examine how make-or-break decisions are associated with people (i.e., to ask the question the other way around), I found it useful to examine the pattern of effectuation and causation.

Retracing the timeline, the business began with a good example of bricolage, i.e., the use of a consumer-grade smoker to test a product. The initial tests are good examples of effectuation where existing associates are recruited to run test-sales that result in zero or some income with an affordable loss; the smoked garlic which, if unsold, could be sold on to a restaurant or used at home.

The prevarication of the summer is a phenomenon found in many ventures not only in entrepreneurial businesses. What is always interesting, but difficult to predict or explain, is the sudden adoption of a goal and crossing of the Rubicon particularly when the goal is punishing physically, financially, and socially, and the outcome is not at all clear. Max's explanation is both that it was easy to be distracted by consulting work and that he simply did not have the confidence. We also see that deciding to pursue the goal of developing customers whom he did not already know, was linked to the hard-headed assessment that the only way to benefit from margins that are excellent but small in absolute terms is to achieve volume. This conceptual assessment of the business is stereotypically 'causative' and seems to have been

embarked upon in a causative frame of mind when in the lingering effects of the Great Recession there have been no better alternative. It might also have been that as a successful business person, the converse of the fear of loss of status reported by Daniel et al. (2015) was operating and the loss of self-esteem that comes with having no opportunity might have been galvanising. With it not being entirely clear how and why languishing comes to an end, Max acted pragmatically, that is, he took action and through action was able to answer the question one way or another: was there a market?

Expanding into London similarly is distinctly causative though, prior to this decision, Max expected returns to be slim. Again, he decided to proceed, almost in the vein of sunk costs, but again because he had no other alternative. Fortunately, he quickly realized his long-held assumptions were wrong and this expansion proved to be what he might have daydreamed about but never expected. Once again, Max and Giles proceeded in a spirit of pragmatism, determined to learn what they could for themselves by taking action.

Embedded within their approach and carried into their London venture is an intense focus on what is good for the customer as well as a willingness to organize their practices so that everyone in the supply chain made money. People following a causative approach might be more focused on reducing costs or increasing profits rather than the people-focused approach. Again this is quintessentially pragmatic in that action is situated, embodied and social.

The current focus on systems and their successes has a distinctively causative feel. Left to his own devices, Max would probably have relied on his prodigious memory for which he is known as much as his selling prowess. Giles relies more on ‘paper’ though and they have lists which are marked off but yet still leave plenty of room for

decisions in the moment, or in pragmatic language, informed by situation, judgement (embodiment) and appropriate social considerations. Max estimates that 70% of calls result in sales in excess of those that had been explicitly ordered. Importantly, the segmentation of routes allowed not only an ordering of the business but also an ordering of one's mental model. As importantly to note, having *a concept* of segmenting routes is not sufficient. To have applied the concept before acquiring the customers would have been nonsensical but once a critical mass is achieved, one's mental model of the particular business needs restructuring. This is a good example of path dependencies that process studies seek to illuminate and that are a corollary of the notion central to pragmatic thinking that 'all is change'. This example also shows the marriage of habit, active inquiry and deliberation or the marriage of past, present and future into a better and still more action-oriented and even more embedded model of a business that is postulated by pragmatic philosophy.

**Summary.** In summary, the reconstruction of the timeline of this business, with the generous recounting of events by one of the co-owners, provides us with a detailed outline of the contours of a business. We see many turning points and a retracing of moments which are less nerve-racking now after they have passed, but at the time could rely neither on predictions nor reassurances by experts that they would succeed. The owners had to act knowing that failure was possible and they had to act as sensibly as possible, using the information they had, relying initially on friends but also expanding as fast as they could afford and building a network and understanding of the business as they went. Working at the tail end of the Great Recession when retailers were battered and optimism was thin, they created a going-concern imaginatively using whatever was available to them and in the face of awful anxiety.

**Ethical considerations.** The co-owner who spoke at length to me understood that this information was being collected for a university project and that we are likely to make the story public for publication over a period of ten years. I also indicated that, given that I was collecting information shortly after the BREXIT referendum, it was very likely that in a few years' time, an academic researcher might come knocking looking for an update to the story. I deliberately did not collect financial information and was alert to any discussion that might compromise anyone else but given that my informant was an experienced leader and a respected member of the community who is particularly positive by nature, this did not arise. When I returned to the second interview to follow up, Max spontaneously mentioned that he had found the interviews useful and helped him to see the effects of various actions such as how much using the route-making app had made life easier. He visibly enjoyed talking about the business and was engaged willingly in checking the patterns that I was discerning.

**Evaluation of the study.** The question that I ask myself is whether I have conducted a worthwhile study. While many qualitative designs rely on saturation to establish legitimacy, pragmatic studies regard that approach as both unethical and incoherent. We are not interested in taking all we can from a situation for our own use. We are interested in learning sufficiently to inform our actions as scholars and to contribute to the entrepreneurial community. I hope to have provided a rich outline that can direct the attention of aspiring entrepreneurs to the evolving contours of the business and the intimacy of action. Entrepreneurs devote their time and attention without any assurance they will succeed but the essentially social nature of business simultaneously expresses a sense of self. In this case, it is a love of food and understanding of what is not available to people in local markets. Max and Giles

shaped this business during uncertain times when people were not backing unfamiliar ideas. There was little genius involved and plenty of application and, above all, exceptional loyalty to their customers often tested by the sense of travelling sales representatives being unwanted intruders into busy, bitty lives. What they have contributed to us is an opportunity to lay out the meaning of pragmatism in which knowledge is acquired and exists in action in a world which is both real and created by those of us who are present on the day.

**Impact and contribution.** To extend this work, one immediately asks whether we would see this phenomenon again and, if so, what would we expect to observe. By asking the question in this way, we can expand our knowledge of the micro-processes of start-ups. We would certainly expect to see evolving contours of the business. We cannot anticipate whether businesses in the lean trading conditions of small English towns will do well or not. Their objective opportunities are much like leaves in the wind. We can look back in time and point to what they learned and did not learn, that they will always wish they learned more quickly, that they value coaches but ultimately make their own decisions, and most of all, that they learn by trying to make the business happen. Whether they had to change abruptly, as Max did when he stopped prioritizing online sales, or when things go smoothly, as his expanding into London, or if they are achieved by the incremental hard slog, as his expansion of 100 customers in the provinces, they cannot know in advance.

Entrepreneurs can only take the next logical step in knowing and work to create something valued by others while being realistic about the value they put on each transaction. Hence I return to the title and the old adage: you will not know until you try. And to researchers and business advisers I might say that we cannot know until they try. Perhaps the lesson for us is that people don't know what they think until

they say it aloud and our role is to provide entrepreneurs with the opportunity to speak and reflect on what they are learning.

**Further research.** It is trite to ask for more research. Here I would recommend people beginning in entrepreneurship to complete a narrative reconstruction of a timeline, using whiteboards, as a practical way to use process theory and to engage with pragmatic philosophy. We will all benefit from reading their detailed case studies.

What I suspected at the end of my analysis was that my construal of the social element of pragmatism was incorrect. I was looking for the effects of people in interactions themselves. This was not how people were remembered.

It also most seemed that people are remembered ‘through a filter’ of a mental model, in this case, a highly developed model of retail and customer service. Looking at changes across the timeline, the most parsimonious account seems to be a simple pragmatic model in that a model of action is used until it is exhausted. At that point, a new model is developed and put into action where it is tested and elaborated.

Max is, however, an experienced entrepreneur and it could well be that he was simply enacting well-established models of business that he already knew and could enact without a lot of conscious thought. If this were so, it seemed it would be far more fruitful to do a second study with a second less-experienced entrepreneur before speculating further.



## Appendix G: Study Two

**Real Bread: 2009 – 2016**

**Uncertain and unsteady beginnings in retail and distribution, 2009.** The story of Real Bread begins at the beginning of the Great Recession in 2009 – 2013. Llew, an experienced and talented international IT consultant, was made redundant. Llew had been making bread for years as a hobby and the local delicatessen owner, who knew him socially, encouraged him to sell bread to him for his shop. With that request, the slow but constant learning curve as a baker began.

As Llew accommodated himself to the abrupt change in lifestyle brought on by redundancy from his main employment, he considered his options. Still applying for other jobs, bread-making for a retail outlet required a whole new way of thinking as he now had to consider consistency and timing. While he pursued looking for a job and learning to bake more commercially, the delicatessen owner continued to be encouraging and helpful. He offered Llew a deal in which Llew would do the delicatessen's weekly buying at the early morning fresh produce and fish markets in London, in exchange for which Llew could use the excess capacity in the refrigerated van to bring back produce to sell to other food purveyors and restaurants in the area.

Through these ventures, Llew, a sociable man with a wide range of acquaintances, began to develop a network based on commercial dealings, including collecting bread from an artisanal baker in London. Slowly, the idea of making a living from food began to seem possible while the desire to return to IT receded. He was still in the distribution business, though, which he found stimulating as he was interested in food and people and business, but distribution came down to moving food from one

person to another and his heart was not really in it. The recession was deepening as well and though Llew feels this relatively prosperous nook in the top of the south-east of England was cushioned in relative terms, at the time, at the beginning of what promised to be a long economic ordeal, he knew that his champion, the delicatessen owner, was thinking of selling his business and therefore the deal of using the van in exchange for buying might come to an end.

**Finding his Rubicon, 2010 – 2012.** Known by this time for the quality of his bread, Llew was extremely fortunate in that a skilled chef with high business acumen bought the local pub<sup>9</sup>. The new owner resolved to buy as much local produce as possible and Llew, similarly to other small scale local producers, began to provide small quantities of bread in exchange for beer. His breadsticks were well received by patrons in the restaurant at the pub and the pub owner not only asked for more but suggested that if Llew sold bread from the pub, they would both benefit. Bread would bring customers in to the bar side of the pub and the pub would provide a ready aggregation of people for Llew to develop his retail sales. The patron also promoted Real Bread on the pub's menu explaining where the increasingly popular bread came from. Making a steady living from bread was becoming more of a possibility but just as clearly, for this possibility to materialize, volume was necessary.

With encouragement from the pub owner, Llew's confidence in both his skills and his confidence in earning a living from bread rose. His priorities focused by his wife, a successful manager, Llew set himself the task of replicating the pub outlet model and rising not only to the challenge of increased volumes but also selling to

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<sup>9</sup> Pubs, or properly 'public houses' are ubiquitous in the United Kingdom. Neither bar nor café, in smaller towns they were and often continue to be a focal point for a community though several might exist on the same High Street or main thoroughfare.

people who were not part of his considerable social network. He now sold bread at two other pubs in neighbouring towns, one rising to twice a week, and one pub eventually replaced with another in another town. His retail operation now involved selling four nights a week with the largest outlet being the first very popular pub. A huge boon at this time came about when another pub not only wanted his bread, they took all he could supply, put it in their freezers, and unfroze it when they needed it. This arrangement is clearly massively helpful commercially. While the selling price may not be as high as when selling directly to consumers, Llew did not need to worry about any unsold product and had no waste.

During this time, Llew was steadily moving from being able to bake spectacular bread to becoming a baker. His sister gave him a present of a two-day course in baking real bread. He asked so many questions of his flour supplier that they invited him to spend half a day in their experimental laboratory. Regarding the internet as very important in his development, he connected online to other bakers of real bread and met up with some of his connections from time-to-time. This virtual community has published a book *Knead to Know* (The Real Bread Campaign, 2013) for aspiring bakers. Llew was at pains to point out this this was his only formal training in five years.

While still hesitant about his ability as a baker, Llew took part in the local annual food festival when food traders of all descriptions converge on the market place to set up stalls for a two-day communal party. A psychological turning point for Llew was baking for several stall holders as well as manning his own stall. Proving to himself that he could bake to scale, this experience gave him the confidence to acquire a stall at the monthly Farmer's Market. The first weekend, he sold out and

by the end of the second Sunday, he had recouped his investment in a gazebo, table and baskets.

Happily at the point where he was not only known for his bread, Llew was also a regular retail presence across the pubs in a strong community and was becoming adept at working to schedules. As luck would have it, misfortune struck.

**Reminded of his vulnerability, 2014.** In May 2014, Llew had a bicycle accident and broke his shoulder. He was told to stop work for six weeks, but anxious not to let his infant business founder, after two weeks he started baking again one-handed and took buses to deliver his products.

During this time, the pub that took all his excess product for freezing wanted him to sell more vigorously from their pub. But he had reservations, and in any case, was not able to manage. His shoulder was painful and he was worried about sustaining his output.

Seeking medical help again, the surgeon confirmed Llew's bones had not knitted and that surgery was needed. Trouble does not come singularly. On the day of the operation, the owners of the pub who took all his excess bread gave up their venture and left town. This time, Llew heeded his doctors' advice and did not use his arm for six weeks.

Despite this misfortune, he retained a sense of possibility and returned to work to rebuild his market.

**Crossing the Rubicon, 2013 – 2016.** As Llew returned to running his business, members of his family were also willing to loan him the money to expand at commercial rates but with less risk to himself and less interference than might be sought by angel investors or banks (even if banks were lending to small business start-ups, which they were not at that time). Discussing the possibilities with family

members, they resolved to put the money into property and rather use the proceeds of excess property in the family to provide Llew with working capital to be repaid later. As he sought premises, he actively looked at several options, with the best one falling through. In the meantime, other family members looked for other property in which to invest.

Just when the plan to buy one property and rent commercial premises seem to come together, misfortune struck another member of his family too, and a family discussion ensued to consider how to proceed. After taking time away from day-to-day events to think through their choices and values, they decided to continue with their plans, on the principle of having to take what comes and ‘nothing ventured, nothing gained’.

And so the next stage of opening commercial premises began.

**Investing in infrastructure, 2016 –.** Resolving to press ahead, Llew signed a lease on commercial premises and set about upgrading it for use by a bakery. His involvement with *Knead to Know* (The Real Bread Campaign, 2013) was helpful now, as was his experience of distributing food to food outlets and generous coaching from the pub owner who provided him with his first retail outlet. He had registered his previous kitchen with the municipal authorities and so he informed them that he was moving premises and resolved to pass the health inspection on the first visit. With not insignificant outlay that he did not attempt to pass on to his landlord in the interests of good relationships, he did indeed achieve a five-star rating. The inspector was so impressed that he returned to donate a library of books and to make some enquiries about where Llew sourced some specialist ingredients. The business was now running in a regular fashion and it was time to turn his attention to efficiencies and furthering ideas to improve volumes. As bread is sold

on Tuesday to Friday evenings in local pubs, Mondays are used to prepare those doughs that can be made in advance and to complete administrative tasks. Tuesdays to Thursdays are spent baking for the evening sales and preparing for the next day. Friday is a baking day for the largest sales and there is a lot of baking of multigrain, bloomers, baguettes, focaccia, brioche, 'marmite' bread, and other specialty loaves such as those containing chili, olives, and herbs. There should also be a favourable mention for breads for special occasions such as acknowledging the nationality of teams in sports' finals, and chili rolls with bratwurst baked in their centres and served warm to pub patrons having a drink to start their weekend. If there is a Farmers' Market on the Sunday, or if Llew is catering for a private event, he might also be preparing for the weekend, and his work carries over to Saturday and Sunday.

**From hobby to commercial outlet in 7 years.** Llew is modest about his achievements and has a realistic appreciation of the size of his business, the massive support of his family, and the encouragement of two champions, the delicatessen owner who encouraged him to go into food and the pub owner who helped found his retail career. He is happy the business exists as a business and that work is regular. He now focuses on efficiency and is thinking ahead to possibilities such as selling from the door and taking on an employee. Not rushing into either, he charges himself with procrastination.

**Who are the people in the business?**

Other people figure hugely in Llew's account of his start-up. Though he had always baked bread and showed it off socially, moving into retail was aided by people who recognized its value and encouraged him to experiment with selling it commercially. They were also generous with pointing out quality issues and helping him reorganize

his thinking about consistency and organizing his baking to meet other people's deadlines.

Equally, he twice benefited from the commercial acumen of two local businesses: the delicatessen owner and the pub owner. The delicatessen owner made an arrangement where he could use excess capacity in a refrigerated van to found his own food distribution business to other food purveyors in exchange for making the early morning trip to the markets in London and doing the buying. The pub owner initially exchanged bread for beer and generously promoted his business, suggesting the mutually beneficial arrangement of selling in the pub which other pubs have since adopted.

The support from Llew's family cannot be underestimated. His sister endorsed his interest by paying for a two-day training course and family funds were carefully invested in property with the proceeds being used to underwrite the working capital of the business particularly as he opened commercial premises. His wife's support and business skills were important throughout as she double checked and formalized his estimates, helped him prioritize, and prioritized his business within the family agenda.

His suppliers were helpful, as were aspiring bakers also interested in real bread that he met online. His retail customers are many. Some knew him before he started his bread business; others have come to know him from his sales in pubs and farmers' markets.

The social fabric is clearly very important in this business and while the work has been his and his alone, it is very clear that the business takes place in and of a community of small towns each of which is, with a little effort, in walking distance or a bicycle ride of each other.

**Cross-Check: What were the make-or-break points in the business?**

When asked directly, Llew didn't think there were make-or-break points but considered his wife's support utterly indispensable for achieving the progress he had achieved.

Without wanting to divide the journey from first test-sale to commercial premises into artificial stages, there are clear changes, that I reflected above: the early sales through the delicatessen, the distribution business, anticipating the loss of the van and deciding whether to pursue distribution or bread, the championing by a pub owner and the development of the first retail outlet, the challenge by his wife and expansion of the business through local outlets who were not his close acquaintances, the building up of a community online with the two-day course and the half-day spent in the millers' test labs, the decision to get premises and the long search that culminated in his family prioritising the business and knitting it in with the other concerns of families have. Pleasing, perhaps, was passing the health inspection with flying colours.

Throughout this time Llew was also making a myriad of smaller decisions. There are the many day-to-day decisions that are important to get right, in a small business where small losses are proportionately large. Every day, Llew had to decide how much to bake, balancing disappointing customers with waste. Every day, he made the decisions of a skilled baker including varying baking conditions and maintaining quality. With every customer, he is responding to their preferences in bread and their enthusiasm for learning more about real bread.

In between the large decisions and the many day-to-day decisions, Llew was consistently revising his own processes, his sense of whether the venture would ever



amount to a business, and what form it should take. From the beginning, as he recalls it now, he was learning to bake consistently and reliably to other people's deadlines. He asked so many questions of his flour suppliers that they invited him into their test labs for a half-day. He readily learns from experienced business people around him. His grasp of business strategy is textbook-perfect and he consistently moved toward finding a configuration for his business that was viable in the community in which he lived.

The progress over seven years is substantial, particularly as the business was bootstrapped. There appears to be a major turning point about once a year, interrupted by calamity and misfortune and spurred by encouragement by others. Throughout, there is a constant learning curve and an attention to learning from others whether they are other people in the food industry, suppliers, customers or people whose focus is on business processes while integrating what he learns and making his own decisions. Llew experiments actively in learning to be a baker rather than a hobbyist bread-maker.

### **Summative questions**

Llew responded to my first summative question about the instructions he would give someone caretaking his business by saying that the situation would not arise. He closes his business when he is not there.

In response to my question about what he would do if he started his business again, he said he would have invested in more training and then returned to the theme of bread-making and running a bakery which requires a balance of quantity, time, pricing and profit, or the efficient use of time and materials.

I added a third summative question asking for the advice he would give to someone starting a business. To this he replied 'passion' and being 'curious enough' to

understand the passion and to develop an ‘honest product’. Llew then elaborated by describing how he refrained from evangelizing and how he engaged sufficiently so customers knew he had knowledge and ability. His pithy advice was to ‘get as much training as you can’.

Following Llew’s comment about procrastination, I asked him if he wasn’t simply in a period of gestation. He replied that the entire journey had been a series of ‘revelations and realisations’, some of which he had followed up and some of which he had not.

### **Are people associated with make-or-break points?**

People figure strongly throughout Llew’s recall of his start-up, encouraging, instructing and advising. But as Llew does not remember the development of the business as a series of make-or-break moments, there is no clear association in his mind of the turning points with people other than his wife.

His wife’s support, business skills and ultimate willingness to back the business, although cautiously, through revenue from property rather than capital, has been essential. From living in the area, I know his wife also covers for him at farmers’ markets and at festivals and is happy to stand in the wind and rain and to sell directly to customers.

Nonetheless, in Llew’s spontaneous memory of the business, people figure prominently. A social acquaintance with a business in the area recognized the value of his bread-making skills and coached him to enter retail markets. It must be almost magical for a second business, the pub owner, to pick up the baton and to proactively promote a second critical stage of establishing a micro-outlet.

Of course, both business people had their own interests in mind and it is important to understand that help does not come from abstract categories such as ‘social capital’

or ‘relatives’ but from people discovering mutuality while they make their own assessments of what is desirable. What seems to be rare are people who take the initiative to develop the mutuality beyond a thought. It would be interesting to see how much this happens in more urban communities where trust and habits of mutuality may be lower.

Though customers have not driven business changes, what is interesting is Llew’s determination to remain close to customers. When involved with a pub who wanted an extended presence, he resisted. When I pressed him to elaborate, he said he wasn’t quite clear why he resisted quite so much. One aspect to his thoughts at that time was that he wanted to be close to the retail customers. Another was that he hadn’t wanted to commit so much to expansion at that point. A further point was that his shoulder was clearly not healed.

Llew was very articulate about the economics of the business. He was well aware that he is educating a market that has come to associate bread with something cheap, sliced and sold in a plastic bag. To cultivate his custom, he wanted to speak to customers directly, learn what they bought regularly and when, and ensure what they preferred was available to them while offering them variety from time to time. He spoke with pride that his regular customers were able to tell him candidly when they did *not* need bread and were not going to buy. He was also clear that he could evangelise real bread, as he was doing somewhat with me in the interview, but that exceeded the interests of most people and that it was better to be quieter and come across as enthusiastic, knowledgeable and caring. If he hid behind other retailers and became a wholesaler, then he would not only have the education task, he would also ultimately compete on price. He clearly sees the retail format, apparently casual as it is in a pub, as essential for learning what customers like and helping them explore

their own tastes. As scholars, we recognize the keen appreciation of the social elements of marketing and the role that services play in maintaining margins and competing with mass produced cost-led products. Making space for interaction with customers is also central to his valued proposition of introducing people back to real bread.

What is commonly labelled as ‘social capital’ is very obvious in the development of this business. Customers haven’t provoked crises. Other members of the business community, as well as his family, have been enormously supportive and, although a massively intelligent and worldly man, he has clearly benefited from their acumen and pursuit of their own interests that includes forming alliances with a business that is so new that it is neither threat nor ally, as yet.

#### **Are make-and-break points associated with people?**

Asking questions about the formation of the business in the other direction, other than the support from his wife that he valued deeply, Llew did not associate make-or-break points with people. But then he did not think in terms of make-or-break points anyway. Llew’s story though, as I noted above, is very much as story of the community and the social fabric, so it is interesting to retrace the timeline to see what prompted all of the turning points in the business in addition to people.

Llew’s story began with an invitation from a local delicatessen owner to test-sell his home-made bread, an invitation which was expanded to have use of unused capacity in a refrigerated van which was used to ferry produce from markets in London.

During this time Llew was actively experimenting with baking consistently and reliably to other people’s deadlines, as he described it. He was still applying for other jobs, developing his distribution business and actively thinking through what he wanted and what was viable.

During this time, Llew benefited from other proactive help as well. His sister made him a gift of a two-week course in bread-making and his flour millers responded to his many questions by inviting him into their test-lab. Luckily, around the time that van was no longer available because the delicatessen was changing hands, another pub owner initially exchanged bread for beer and then offered Llew a spot selling bread directly to customers in the pub.

While the connection with people and, in this case, the generosity of people is so clear, in this period of the business' development we see other factors as well. Llew was bringing forward an identity as a talented bread-maker and was actively and consciously learning to be a baker which has quite different demands, particularly the need to express skill in a situations defined by the needs of others. It is extremely unlikely that any of the people would have made the offers they had, if he had not been so active, though we might note that at the time his self-identity was insecure. He had not totally given up his career in IT and he did not feel his command of the food business and knowledge of the local economy was sufficient to assess the viability of a real bread business or to plunge directly into the business. We see a very fuzzy period where, in real time, events could have gone in any direction. There is a 'feeling of the way' that seems more effectual than causative, and this is worth exploring further.

As the story moves forward and Llew is now selling bread on Friday nights in a popular pub, the next turning point was a prompt from his wife, a successful manager, to sell through people who were not his friends. Llew quite quickly replicated this retail model with other pubs in the area settling in to two others with one of those, twice a week. A further pub took all its unsold bread and froze it for

later use in their restaurant. This stage of development is more causative and was prompted by a 'stakeholder', i.e., Llew's wife.

The next memorable events were the breaking of his shoulder and the slowing of growth over some months with this period ending in his surgery and the coincidental loss of the business to the pub which had previously taken his excess bread as they gave up their pub lease and left town. At the time, these events would have been agonizing as Llew tried to estimate the effects of not being available to his nascent market and losing the cushion of never having waste. In retrospect, it was a good test of the market but not a test small business people would make voluntarily. We see again the ability to work through terrible indecision and uncertainty but, in the long term, this was an important experience in testing one's commitment to a venture and the ability to withstand exogenous shocks that are inevitable. Indeed, what Llew took away from this experience was a sense of how vulnerable he was and how important it was not to make any financial commitments that could not be sustained in bad times. That is, he took on a clear commitment to what the effectuation literature calls 'affordable loss'.

An event with a happier outcome was baking for the local summer food festival. Llew supplied several food outlets with bread and had his own stall. This experience convinced him that he had the capacity to bake at scale. On the strength of this success, he rented a stall at the monthly Farmer's Market and was able to recoup his investment in gazebo, tables and baskets in two Sundays of trading. We appear to see Llew's sense that his skill to bake in volumes and his understanding of the market was sufficient to make investments and to carry them through successfully. Wanting to develop commercial premises, the process was drawn out and moved slowly forward with set-backs along the way as family calamity struck. Llew's

family was willing to back the process settling for investing their capital in property and using the proceeds to underwrite working capital at commercial rates but without the intrusion of banks and external investors. Finding and upgrading commercial premises took time and further outlay and it is here where Llew's long preparation, association with other real bread makers, his learning from other food outlets and food purveyors, and his willingness to read the legislation was helpful. He achieved a five-star rating on the first municipal health inspection.

Now running a business selling four nights a week and on the first Sunday of every month, he charges himself with procrastination.

We see through the timeline increasing independence, so to speak, but also perhaps why Llew figures people so highly in his account and yet, when asked about people another way, he thinks of the business in other terms. His active inquiry, his willingness to learn standards of the trade and to work toward them, his constant testing of the depth of his skill base and the viability of the business, and indeed his active situating of the business in the community and in his family's affairs means he remembers that process keenly as indeed he remembers pure bad luck, or in more formal terms, exogenous shocks such as breaking his shoulder.

Indeed, his answers to my check questions seem to support this centrality of his action models. He wouldn't allow someone else run the business though his wife does sometimes sell from the market stalls. If he started his business again today, he would secure as much business and baking training as possible. Llew maintains a retail model which keeps him in contact with customers helping him to deliver real bread rather than a cost-driven copy of real bread and he is part of a wider community of practice. It was interesting though that the business seems to become

more causative rather than less and I will turn to what we learn from Llew as scholars below.

### **Preliminary analysis and evaluation**

I asked Llew to take part in the project to provide scholars and aspiring entrepreneurs with a second description of the changing contours of a business. Though his story expands what we learned from the first study, we don't want to fall into the trap of cross-sectional comparisons. The contribution of pragmatic models is to follow the logic of a business 'horizontally', as it proceeds from one situation through action to another in which other people's and the entrepreneur's reflection and understanding all contribute indeterminately.

**How often were make-or-break points experienced?** To guide my inquiry, I did though develop three questions, the first being how often the business changed discernibly. As Llew moved from early test-sales, to running a small distribution business, to his first retail outlet in a pub, through replicating the pub model with other pubs, to his broken shoulder disrupting his growth, the festival where he baked to scale, and to the opening of commercial premises, we see a major change around every 12 months.

Throughout this process, Llew was consciously putting himself through intensive learning curves, learning, as he put it, to be a baker rather than hobbyist bread-maker. What is interesting in retracing these changes is that we should be thinking about start-ups as something that shape-change frequently, consistently with the expectations of process theory. Moreover, if we joined Llew, or any other entrepreneur at the beginning, at any point, there would be massive learning going on within that particular 'shape' of the business, for want of a better expression, with no realistic way of knowing what the outcome would be. Will that 'shape' lead to



the entrepreneur giving up? Will it lead to another form, and if so, what and when?

The learning takes place without these certainties. Though the entrepreneur is likely to be imagining many options and evaluating them, both learning from the imagining about what is important in the present moment and in some way preparing for the future, this process probably serves to tell the entrepreneur how uncertain the venture is rather than operating as plan.

It is this shape-changing and uncertainty that seems to be important for scholars and aspiring entrepreneurs and their advisers to grasp. It would be interesting to follow up how people imagine businesses. While this can be done with questionnaires, interviews and experiments, it might be helpful instead to use process theory to track the growing understanding of say, advisers, in what it means to run a start-up.

Specifically, we could ask whether experienced advisers would concur with the prescriptions of pragmatic theory to help entrepreneurs work out what they can do right now with the resources they have immediately available to them and then, when even that does not go to plan, resist the impulse to assume the entrepreneur is being slack or inept, and rather find out what learning and mental considerations are taking place and ‘rinse and repeat’, so to speak, providing a valuable service as a non-judgmental sounding board.

**Are people in the business associated with make-or-break points?** The second guide question directed my attention to the role of people in triggering change. The way Llew tells the story, people were involved at every stage and particularly in the beginning, though more often than not, creating opportunities to learn rather than provoking crises that required a profound revision of the business. In instances where we might regard the impact of other people’s decisions, such as the delicatessen changing hands, the pub no longer taking his excess bread, or his wife

challenging him to sell through people he did not know, with respect to the first two, Llew had already anticipated these actions. He readily accepted his wife's prioritizing which suggests that her prompting was well-timed. Interestingly though he told the story in this way, when asked directly, he found my interest in itemizing people puzzling and he only immediately associated his wife with having made big contributions to the shape of the business.

What struck me about the help he received is that it echoed notions of social capital and entrepreneurship in kinship or ethnic groups, but particularly in the case of the delicatessen owner and the pub owner who traded beer for bread and then offered a retail outlet in his pub, we are seeing effectuation on the part of experienced entrepreneurs. Novice entrepreneurs appear to benefit, at least, if they have the wit to seize the opportunity offered to them. It would be interesting to know how much this behaviour is exhibited in other communities.

The biggest group of people, the retail customers were not reported as provoking crises. Indeed, Llew spontaneously mentioned no service crises at all. What we do see was the centering of retail in his business model and active resistance to pursuing a wholesaling model. This closeness to his customer provides him with local information that might obviate crises. It is also part of a value proposition in which real bread is being re-introduced to customers who have become to associated bread with cheap, mass produced bread sold in plastic bags.

Llew also networks with other real bread makers whom have published a book on real bread (The Real Bread Campaign, 2013).

**Are make-or-break points associated with people?** My third guiding question asked the question the other way around: are make-or-break points associated with people? Going through the timeline, the early turning points are very associated with

people. Though he benefited significantly from initiatives of others, he was actively experimenting with his own skill base, the viability of his business and how much it meant him to as way of life. It was only later as the business had developed an active and consistent presence with one pub outlet that his actions became both more independent and causative and we see a more assured though still tentative approach to baking for a community food festival and opening premises.

The question becomes what the other factors were and how we should understand them. It does seem unlikely that anyone would make opportunities for him if he had not been so active. That said, particularly in the early years, the learning requirements can only be described as complicated. In so far as Llew was learning to bake to scale, developing a market, learning about business, judging the viability of the business, and assessing whether this was a life he wanted for himself, he was undertaking learning with no assurance there would ever be a payoff. There was always a possibility that rather than looking back on a tough learning curve, in the future, he might find on looking back a waste of time.

His tentative approach to major commitments such as baking for a food festival are shown by his treating his success as proving to himself he had the capacity to bake to scale. His measured and highly successful approach to modifying his premises and achieving a five-star rating on first inspection shows him taking nothing for granted and proceeding in a spirit of inquiry.

It does very much seem that the number of factors involved in an early stage start-up are so numerous and the situations so complicated that feedback of any kind is necessarily ambiguous. It is quite possible that his ability to learn under such conditions is key to why, when asked about turning points and who is associated with them, he recalls the story, having just told his story another way, as a story of

his own effort and learning. If my interpretation is correct, then this a useful illustration of pragmatic philosophy and what it means for action to be embedded in knowledge.

**Summary.** In summary, we see a business that changed markedly about once a year for seven years. At the outset, Llew was passionate about bread and slowly he identified the bread business as a vocation that he would pursue eschewing his former career. At the outset, this choice was by no means clear. Nor was it clear as to what form the business would take. The business emerged slowly, with quite remarkable prompting from other people, particularly in the early stages and it would be interesting to see if this self-interested business brokering, where experienced entrepreneurs are doing the effectuating and novice entrepreneurs benefit, is prevalent in other communities.

Llew is a particularly thoughtful and knowledgeable man. His advice to novices is to get as much training as they can in baking and business. This inquiry-based approach might be a feature of his personal style. It nonetheless demonstrates what pragmatists would expect to be happening: constant active learning that changes the world and changes one's understanding of the world. For entrepreneurs though, particularly in small start-ups like this, the learning curve can be massively complicated and, moreover, conducted while one is under pressure to realise positive cash flows.

**Ethical Considerations.** Llew was initially uncertain about taking part but seemed to see the value of recording his experiences provided they weren't exaggerated, that the account was anonymized, and personal information was not included. I have since met him several times and he has expressed no reservations. Once he began speaking, he was speaking fluently and, at certain points, indicated information

should be redacted as it provided too much information about a third party. He was happy for me to submit the write-up before showing it to him. I also warned him that it is very likely that a researcher would appear in a few years' time wanting to research BREXIT and to revert to the Open University Business School if he had reservations at any time.

**Evaluation of the study.** In asking myself whether I have conducted a worthwhile study, I use the pragmatic criterion of whether I can make a contribution and if anyone else could use this information to inform their own actions. I believe it is extremely worthwhile to have a second rich description of the unfolding changes of the business to help scholars and aspiring entrepreneurs conceive of businesses in terms of its changing shape rather than a series of states or, even more limiting, as one state such as reflected in a business plan. I believe aspiring entrepreneurs and business advisers might benefit from learning to imagine a business changing shape over several years.

Equally, this procedure elaborates the premise of process theory. One can look back over time and record the path that was taken but one cannot look forward in time. The visceral experience of positioning oneself at the beginning and looking through the first activities and not being able to see ahead is telling in the anxiety it provokes when we don't know where our efforts will take us. Entrepreneurs work under these conditions. Working in this reality and supporting them in this reality is the challenge.

In this particular case study, we have a founder who was not only assiduous about learning, he is also able to articulate that process and we have him to thank for a rich account of how much there is to learn and the conditions under which it will be learned.

**Impact and contribution.** Pragmatic scholars are more concerned with versatility than generalizability. That is, knowing a thousand ways of doing things is more valuable than knowing one way that works 5% or even 30% of the time. To put what we have learned into practice, I would expect a business to change often, possibly every six months as in the first case study, or every twelve months as in this second case study, and I would accept that the frequency and nature of change is not entirely predictable. I can help people to expect this degree of change as well.

I would also expect that entrepreneurs may be overwhelmed by the learning curve required and in which they have to learn to use technologies in new settings, make relationships with a market, learn details of local business regulations, maintain their roles in the community and in their personal relationships and wider family, all the while hoping to generate positive cash flows. Helping them to focus on any set of tasks at any time to maximally learn what can be learned while keeping costs minimal is probably invaluable in helping them to recognize that overload is normal, that useful, let alone financially fruitful, progress cannot be guaranteed, but that progress can only go as fast as the time they can put in learning actively.

Equally, when plans are not implemented or do not achieve success, advisers should resist the impulse to try to return to the plan and to imply that the entrepreneur has incorrect priorities or are inept. Their priorities are as they are and it would probably be more useful to focus on where the entrepreneur is in the moment and to afford them an opportunity to hear themselves talk about their businesses.

**Further research.** This case suggests several fruitful lines of research. First, it would very interesting to find out how often experienced entrepreneurs effectuate and, in pursuit of their own interests, provide opportunities for novices. This may vary across communities and occupational groups and would benefit from

ethnographic research as well as research focused on individual entrepreneurs or firms.

Second, it would be very interesting to know the attitudes and approaches to retail held by entrepreneurs and to relate these attitudes to their understanding of the roles of other people in business. It is conceivable that entrepreneurs have far more sophisticated intuitions about organizational design than we assume.

Third, as the early stages where the complicatedness of the learning curve makes it extraordinarily difficult to see ahead, it would be interesting to know how advisors understand this fuzziness. A process design might usefully draw out how advisers come to understand the implications of supporting an indeterminate process and how they change their support as their understanding of entrepreneurship becomes more nuanced.

In closing and returning to my title, it certainly seems that only those who have tried will ever know and not only will they only know if they do, *we* also will not know until they do. We seem to have a role in providing entrepreneurs to hear themselves speak and to share what they say with others. A process and pragmatic lens helps us to see both the rich detail of a start-up and the excruciating insecurity in a process that has to be enacted with no guarantee of success.